IT

Marketing IT: It's not about hype. Learning to promote your IT services in-house will demonstrate IT's value and build respect – and could keep the outsourcers away. PAGE 27

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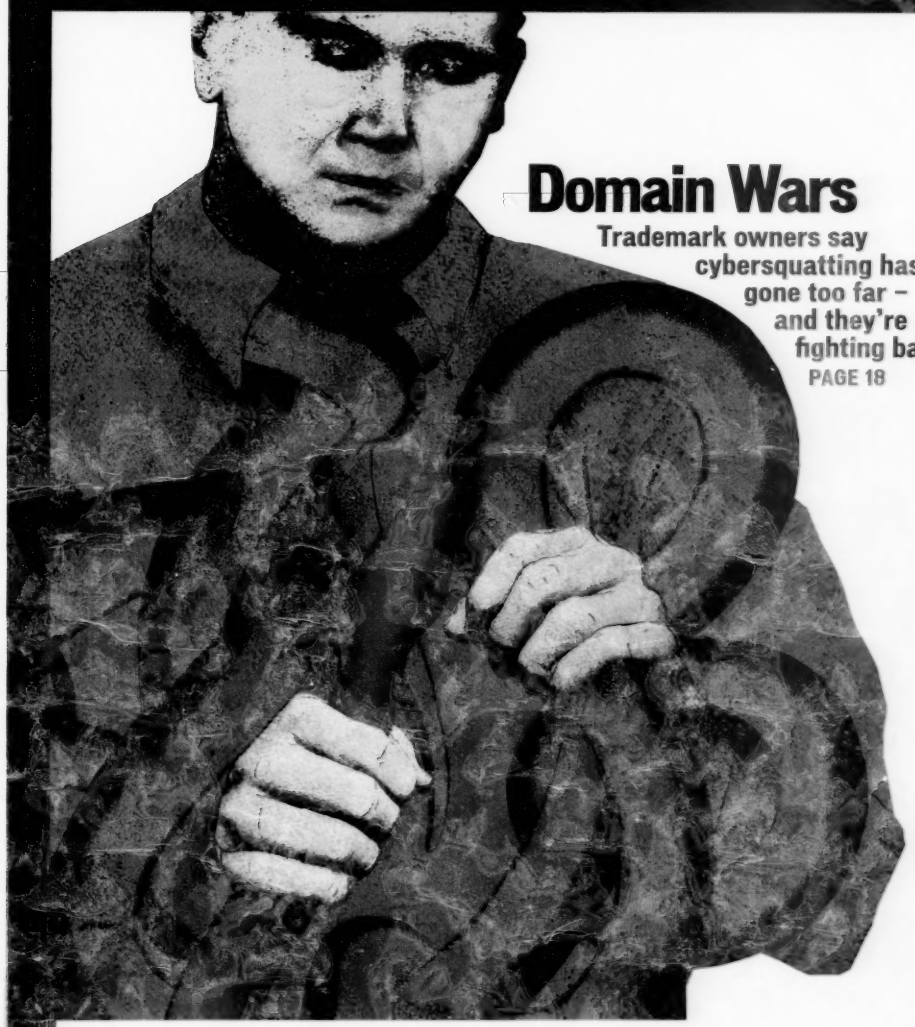

Domain Wars

Trademark owners say cybersquatting has gone too far – and they're fighting back. PAGE 18

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AUGUST 31/SEPTEMBER 7, 2009
VOL. 43, NO. 27 $5/COPY

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Thinking outside the box depends on what's in the box.

Today, businesses are struggling to keep up with the energy demands of their server rooms. This isn't simply a question of cost. It is increasingly impacting day-to-day operations. A recent study found that an estimated half of all businesses have experienced IT outages due to power and cooling issues.[1]

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[1]Source: IDC Market Analysis #215870, Volume 1, December 2008, Worldwide Server Energy Expense 2008–2012 Forecast. [2]Return on investment and power savings calculation based on 11:1 consolidation customer configurations and environment. For more information, visit www.ibm.com/smarterplanet/claims. IBM, the IBM logo, ibm.com and BladeCenter are trademarks of International Business Machines copytrade.shtml. Intel, the Intel logo, Xeon and Xeon Inside are trademarks or registered trademarks of Intel Corporation in the United States and other countries. © International Business Machines

ratio scenario of 166 Intel 1U 2 socket servers to 14 BladeCenter HS22 servers and savings in energy costs, software license fees and other operating costs. Actual costs and savings will vary depending on individual

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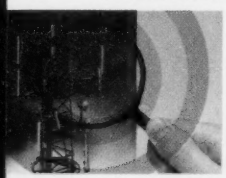

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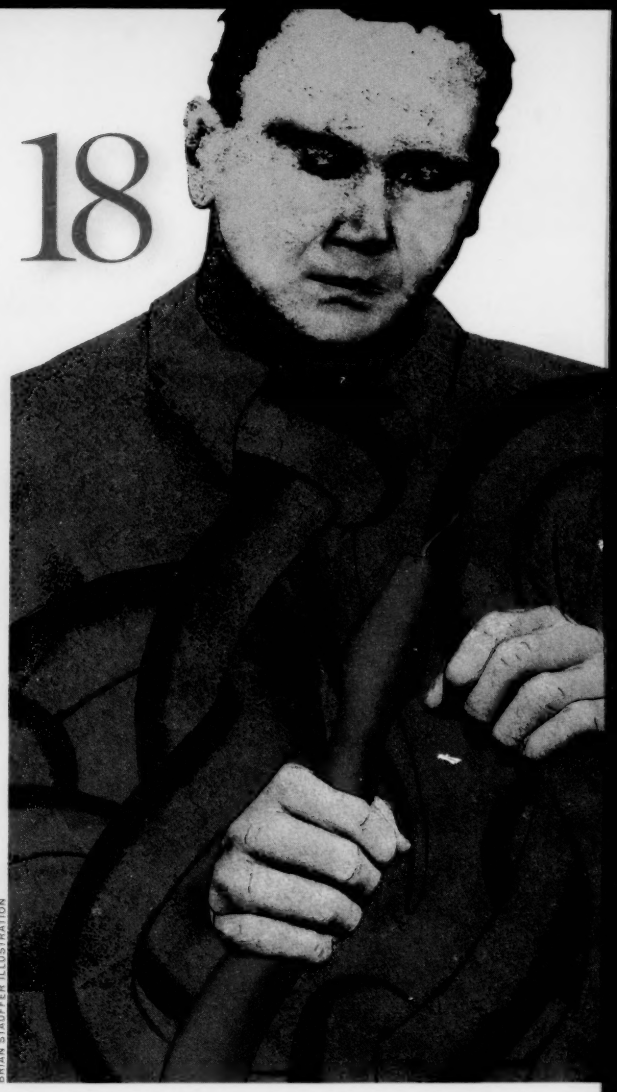

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It's not about hype. Learning to promote your IT services in-house will demonstrate IT's value and build respect – and may even keep the outsourcers away.

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LETTERS

The Benefits of Networking for Life

Mary Brandel's Aug. 24 cover story on executive support networks was on target ["Laid Off? Here's Your Net"]. We are representatives of one such group, the Greater Philadelphia Senior Executive Group. The GPSEG has enjoyed particularly rapid growth since its founding in 2002; recently we welcomed our 1,000th member. More and more, C-level executives are recognizing the value of networking for life.

We have found that the best way to serve our members is through specialization. We have 15 industry-specific groups, including a technology subgroup and a CIO roundtable that features some of the top CIOs in our area, led by Brian Simmermon, the CIO at Subaru of America.

Networking for life is our mantra, and it occurs best in an open forum of giving and receiving.

■ **Viktor Ohnjec and Syd Weinstein,** *technology subgroup chairpersons, GPSEG*

Google's Chrome OS Will Appeal to Some

Preston Gralla made many valid observations about the potential downfall of the Google Chrome operating system ["Why Chrome OS Will Turn to Lead," July 27], but he missed the good news for people like me. That is, people who are disgusted by Microsoft and see no alternative. I'm sure you're saying, "What about Linux?" At 50 years old, I'm just not as sharp as I was 20 years ago, and the odds of me picking up enough Linux to be comfortable with it are slim to none. I know, because I've tried three different distributions. So I and others like me are painted into a corner. We have to either learn Linux or keep getting kicked by Microsoft. That's why I have hope for Google Chrome OS. It's a third option that sounds doable.

■ **Larry L. Trail,** *U.S. Army (ret.), Port Orchard, Wash., Larry200lt@yahoo.com (put NOT SPAM in header for a reply)*

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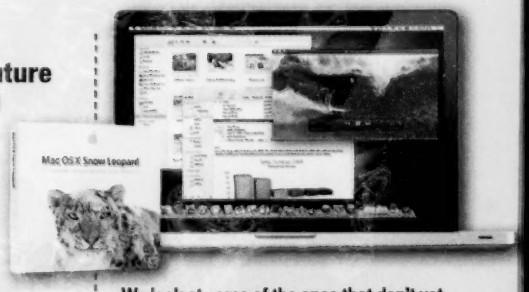
SNOW LEOPARD COVERAGE

Apple's Snow Leopard Opens Door to a Fab Future

REVIEW: Mac OS X Snow Leopard offers a slew of hidden advances, including increased speed and efficiency. At $29, it's a steal. And the combination of OpenCL, 64-bit mode and Grand Central Dispatch lays the groundwork for big advances to come.



The 64-bit Story

Bloggers say Snow Leopard isn't a true 64-bit operating system. Columnist Ryan Faas cuts through the confusion.

What's Been Left Behind?

Like any new operating system, Snow Leopard has left a few applications behind. We look at some of the ones that don't yet work and offer a few alternatives.

Upgrading to Snow Leopard: What You Need to Know

With Snow Leopard, Apple has made the Mac OS X upgrade process as painless as possible. We walk you through the steps.

News Digest

FIND THE FULL STORIES AT **COMPUTERWORLD.COM**

THE WEEK AHEAD

WEDNESDAY: The Gov 2.0 Summit opens in Washington. Scheduled speakers include Vivek Kundra, the federal government's CIO, and Aneesh Chopra, CTO in the U.S. Office of Science and Technology Policy.

WEDNESDAY: MKS is scheduled to announce its fiscal 2010 first-quarter financial results.

THURSDAY: Forrester Research's Security Forum 2009 opens in San Diego.

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LEGAL ISSUES

U.S. Expands H-1B Fraud Case Against N.J. Firm

THE U.S. government late last month filed a new, expanded 18-count indictment that now seeks $4.9 million from a New Jersey IT services firm it has accused of fraudulently using H-1B visas.

The government alleges that South Plainfield, N.J.-based Vision Systems Group Inc. paid its H-1B workers in multiple states based on low prevailing wage rates in Iowa through the creation of shell businesses in that state.

The indictment charges that the methods used by Vision Systems "have substantially deprived U.S. citizens of employment."

The initial 10-count indictment against Vision Systems, filed on Feb. 12, was part of a government investigation dubbed Operation Pacific Vision that led to the arrest of 11 people in six states on H-1B fraud charges.

Court documents show that the expanded indictment cut the amount sought by $2.5 million; no explanation for the reduction was given. But it is still the largest H-1B fraud case ever brought by the government.

The figure "represents he total amount of gross proceeds obtained as a result of offenses," according to the indictment.

Vision Systems and its executives are fighting the charges in U.S. District Court in Iowa.

"Workers were paid at or above the prevailing wage rates of the places that they were working," Mark Weinhardt, a Des Moines attorney and a member of the legal team representing the company, contended last week.

Visions Systems' defense has not yet been outlined but is hinted at in the indictment papers.

According to prosecutors, Vision Systems told its H-1B hires that green cards could be obtained more quickly from U.S. Immigration and Customs Enforcement (ICE) offices located outside of New Jersey.

Thus, Vision Systems might claim that it has been using the faster service available at the Iowa ICE offices as a recruiting tool for H-1B workers interested in getting green cards quickly.

Weinhardt did note that the defense team believes that the "indictment is based on a number of misconceptions about immigration law and procedure."

— Patrick Thibodeau

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SECURITY

Microsoft Promises IIS Bug Patch

MICROSOFT CORP. last week disclosed that it is working to fix a bug in its popular Web server software, but observers say the patch is unlikely to be ready in time for Tuesday's regular monthly patch release.

Microsoft last Tuesday issued a formal security advisory for the vulnerability in three older versions of its Internet Information Services server, a day after the exploit code went public.

On Wednesday, it issued the advisory that the patch was in development.

As a result of the flaw, IIS's FTP server fails to properly parse specially crafted directory names, allowing hackers to force a stack buffer overflow and then inject malicious code onto the Web server.

In the short term, Microsoft urged administrators responsible for IIS 5.0, 5.1 and 6.0 Web servers to make one of several suggested defensive moves, any one of which will stymie the currently known exploits.

– GREGG KEIZER

WEB APPLICATIONS

Gmail Outages Could Turn Off Enterprises

THE LATEST widespread outage of Google Inc.'s popular Gmail application could dissuade some IT managers from letting workers use the online e-mail system for corporate business, analysts say.

"The more prevalent and important Google Apps like Gmail become, the more negative attention each outage will garner — much to Google's embarrassment and chagrin," said Dan Olds, an analyst at Beaverton, Ore.-based Gabriel Consulting Group Inc.

"E-mail is a mission-critical application for business users — period. If customers perceive that Gmail isn't reliable, they won't adopt it. Every Gmail outage makes companies think twice before adopting the free e-mail solution," Olds added.

Last week's worldwide Gmail outage was caused by a server traffic jam, according to Google's official Gmail blog.

"We had slightly underestimated the load which some recent changes placed on the request routers," Ben Treynor, a Google site reliability czar, said in a blog post. "A few of the request routers became overloaded and in effect told the rest of the system [to] 'stop sending us traffic, we're too slow.' Within minutes nearly all of the request routers were overloaded."

Gmail engineers were alerted within seconds of the outage and, after figuring out what the problem was, brought additional request routers online, Treynor said. Within 100 minutes, Gmail was more than 99.9% available to users, he added.

"We've turned our full attention to helping ensure this kind of event doesn't happen again," Treynor wrote.

Matt Cain, an analyst at research firm Gartner Inc., suggested that Google could avoid such outages by using separate infrastructures for corporate and consumer Gmail users.

"Google must prove that consumer and commercial services are largely independent of each other, and that the commercial services will sustain at least a 99.9% uptime, which is the standard for most commercial e-mail SaaS services," Cain said.

"The critical issue for Google is to segment commercial Gmail traffic from consumer traffic," he noted.

The latest shutdown follows other widely publicized Gmail crashes in February and May.

Google still maintains that the service is inherently more stable than competitive on-premises offerings, such as Microsoft Corp.'s Exchange e-mail server and IBM's Lotus Notes collaboration software.

— Sharon Gaudin, with Juan Carlos Perez and Dan Nystedt of the IDG News Service

Short Takes

- Sony Corp. has agreed to install Google Inc.'s Chrome Web browser in Vaio personal computers it sells in North America. Sony is the first PC vendor to agree to distribute Chrome.
- Diebold Inc. has sold its U.S. election systems subsidiary, Premier Election Solutions, to Omaha-based Election Systems & Software Inc. The Diebold unit has long been a target of e-voting critics, who have raised questions about the quality and reliability of its products.
- Apple Inc. patched 15 critical vulnerabilities in three versions of Java used by Mac OS X 10.5, known as Leopard, bringing the operating system up to par with fixes that Java creator Sun Microsystems Inc. issued a month ago.
- Advanced Micro Devices Inc. has introduced a low-power variant of its six-core Opteron server chip that it says can help reduce energy costs and consolidate servers in data centers. The 40-watt Opteron 2419 EE is priced at $989.

HARDWARE

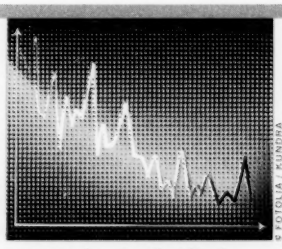
Sun Server Sales Crashing As Oracle Deal Stumbles

CONTINUED DELAYS in the completion of Oracle Corp.'s pending $7.4 billion acquisition of Sun Microsystems Inc. have put the latter into a limbo that appears to be devastating its computer server business.

The acquisition hit another major roadblock late last week when the European Commission announced that it is launching an in-depth investigation into the proposed deal based on what it called "serious concerns" about how the merger could affect competition in the database market.

U.S. regulators approved the deal last month.

The EC disclosed its latest investigation just days after research firm IDC released

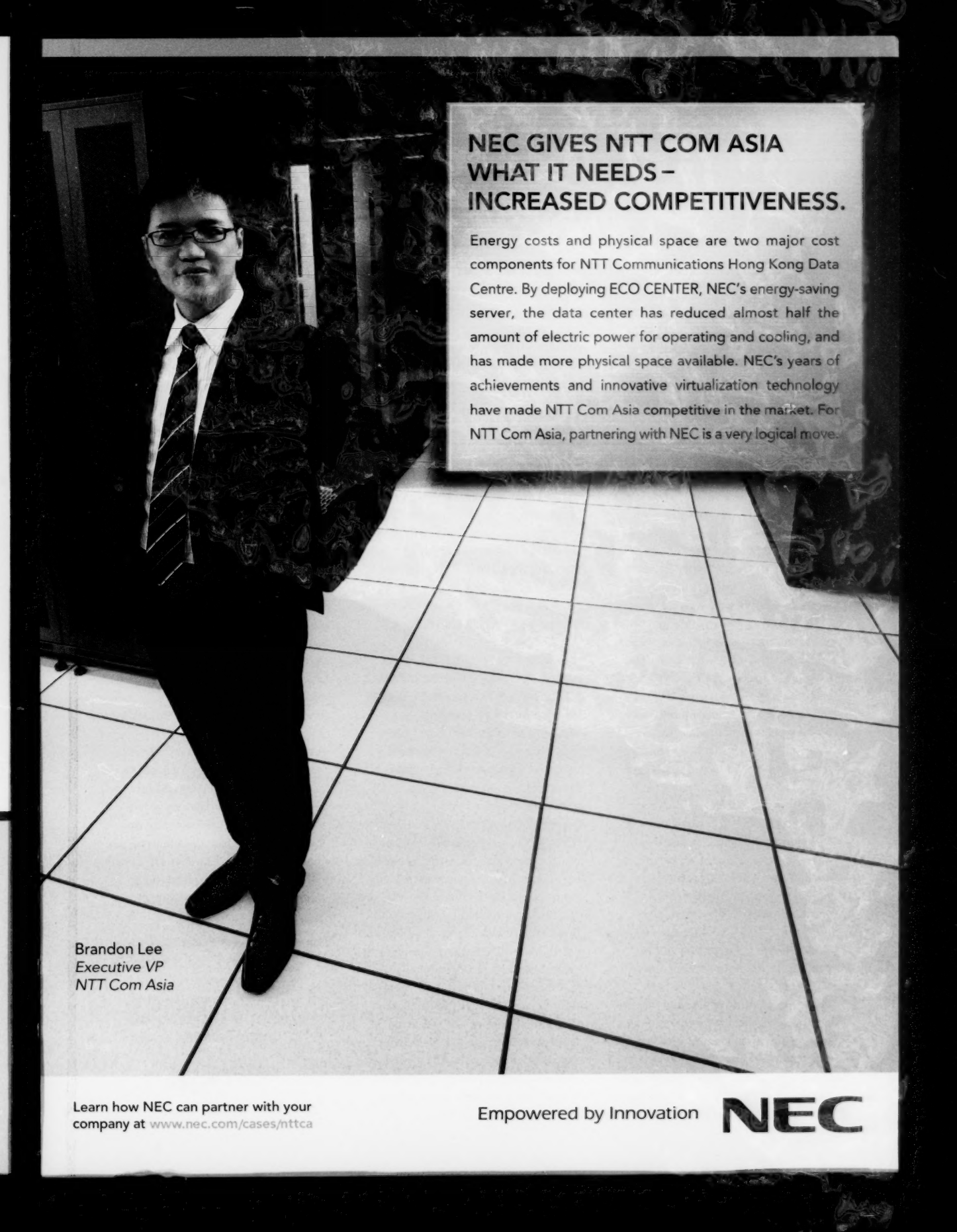


a report showing that Sun's second-quarter server revenue plunged by 37% to $981 million, the worst percentage drop of the major server vendors.

Analysts noted that IBM, Hewlett-Packard Co. and other computer manufacturers have aggressively courted Sun customers, offering them migration incentives and other deals that seek to take advantage of the uncertainty surrounding the Oracle deal.

IBM and HP also saw sales decline in the second quarter, but their shortfalls weren't as precipitous as Sun's. IBM's sales dropped by 26% and HP's by about 30%, according to IDC.

– PATRICK THIBODEAU, WITH PAUL MELLER OF THE IDG NEWS SERVICE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Executive VP
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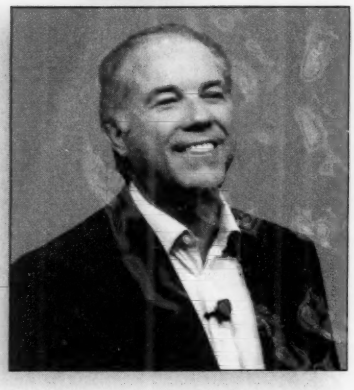

Using Virtualization to Deliver IT as a Service

Virtualization allows for flexible, on-demand IT.

Mark Templeton, CEO, CITRIX SYSTEMS

Templeton is president and CEO of Citrix Systems, a $1.6B leader in virtualization, networking and cloud computing. With 99 percent of the Fortune 500 and virtually all the world's largest web and cloud providers as customers, Citrix has become one of the most trusted names in enterprise and web computing under Templeton's leadership.

It's well known that virtualization helps consolidate servers and save money. But can it help you deliver IT as a service? The answer is a resounding "yes," according to Mark Templeton, CEO of Citrix Systems.

You often talk about the "Power of One." Can you explain this?

Any effort to transform IT must begin with simplification. That's what "Power of One" is all about. Getting to "one" is about empowering IT to manage exactly one instance of everything in a central location—one desktop OS, one copy of each application, one instance of each server workload. Instead of trying to install, update, patch, secure, manage and back up thousands of unique combinations of desktops and apps across each PC and server, you manage one copy centrally, assemble the pieces dynamically at runtime, and deliver it on demand through virtualization. In effect, you enable IT to build an infrastructure once and leverage it infinitely, regardless of the number of variables that occur along the way and how often they change.

How will the concept play out in practice in the data center—what will be different?

What's different is that you stop trying to control all the variables at the endpoints that are out of your control anyway and, instead, start delivering IT as a service. Look at businesses that never became encumbered with all the complexity and baggage we've picked up over the last 20 years of traditional distributed computing—business such as Google, salesforce.com and Amazon, for example. They're delivering a broad range of rich applications and services on demand over the web to any kind of device—from PCs to Macs and mobile devices. Imagine if Google tried to dictate what kind of computer and operating system you needed. That's exactly what enterprise IT is trying to do today.

It sounds like you're talking about enabling corporate IT to function as a "cloudlike" service, more like Google, salesforce.com or Amazon.

Virtualization is the key underlying technology that enables companies to transform their entire IT organizations into much more flexible, dynamic environments. It starts with desktop virtualization products such as Citrix XenDesktop™, which gives users a rich, personalized desktop experience no matter where they log in from or what device they're using. And it extends to the datacenter with server virtualization solutions such as Citrix XenServer™, which enable you to consolidate workloads on fewer servers, dynamically provisioning workloads in real time as needed. It also includes networking technologies, such as Citrix NetScaler™, that optimize, secure and accelerate the entire system, ensuring a "high-definition" experience for all users. All the products we sell are built to enable customers to very quickly transform everything they do into a much more dynamic service, essentially enabling them to become their own internal cloud providers.

You've said user choice and self-service will be defining elements in the next era of computing. Should CIOs be expected to support every device a user might want?

Think about service-oriented businesses such as satellite TV. They don't buy and manage your TV. In fact, they don't even care what TV you use. As long as you have their "receiver," they can ensure a secure, high-definition experience for the services they deliver. Why should IT be any different? Why shouldn't employees be able to bring their laptop of choice to the office? Employees increasingly expect more say over what devices and applications they use. Every day, they go to the web and experience the power of rich environments that are personalized, flexible and on-demand. Learning to use this to their advantage rather than trying to fight it can be incredibly powerful.

FOR MORE INFORMATION: please visit **http://www.virtualizationvision.com/cw**

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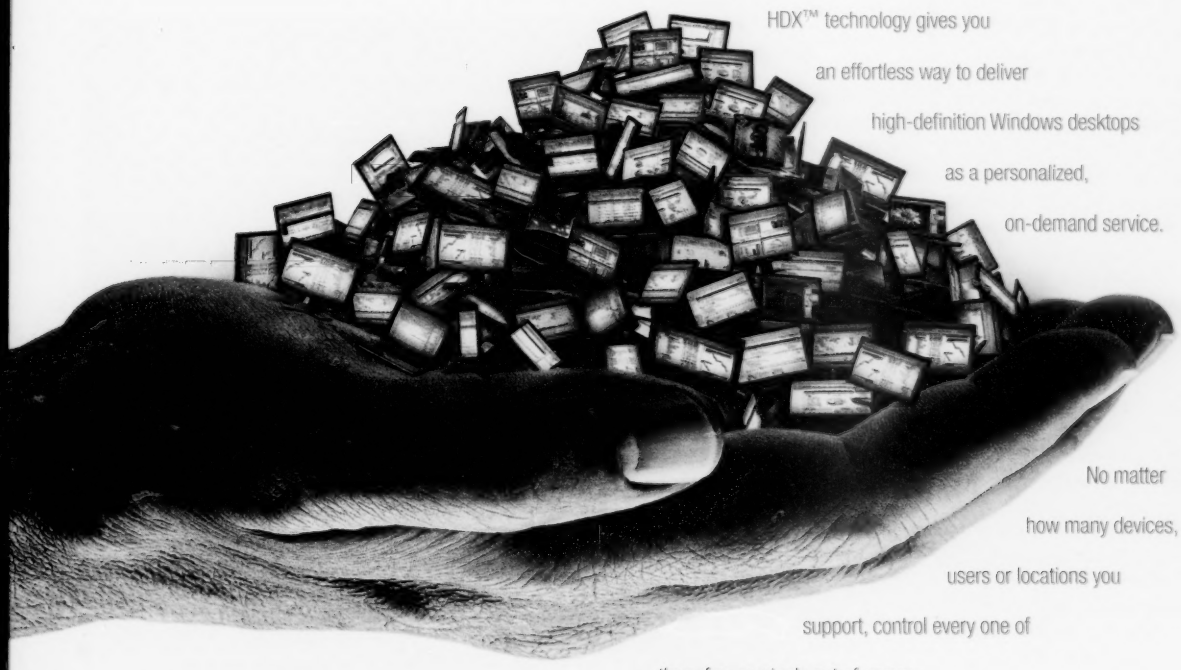

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SOFTWARE

Oracle Finally Updates Its Flagship Database

ORACLE CORP. last week unveiled Version 11g Release 2 of its flagship database — about two years after the first release hit the market.

The latest version is the product of the work of some 1,500 developers, and about 15 million hours of testing, said Mark Townsend, Oracle's vice president of database product management.

The new version lets users more easily devote specific groups of server nodes to various application workloads. For example, a "front office" resource pool could be set up to support CRM implementations and Web sites, Oracle said. When a particular pool needs additional horsepower, it can draw from unassigned nodes or from node pools with lower demands.

The new database will initially support Linux. Support for "all major Unix platforms" is coming later this year, with Windows to be added at an undisclosed future date, Townsend said.

Paul Vallée, executive chairman of The Pythian Group, an Ottawa-based remote database administrator, said he expects the new version of the software to offer significant improvements over its predecessor.

"With every major release of Oracle, the second is the most important," Vallée said. "It doesn't matter how far back you go; this is where the software comes into its own."

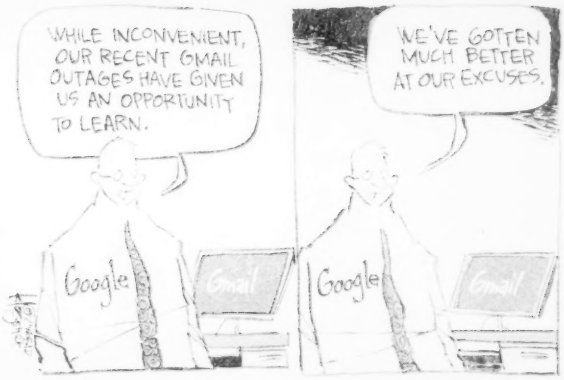
"I felt that Oracle 11g R1 was a reasonably solid project," said Ian Abramson, president of the Independent Oracle Users Group and director of the enterprise data group at Toronto-based consulting firm Thoughtcorp. "[But] people will now feel more confident with this release, as it has had time to mature and gain stability."

— *Chris Kanaracus, IDG News Service*

> **"With every major release of Oracle, the second is the most important. ... This is where the software comes into its own."**
> **PAUL VALLÉE,** EXECUTIVE CHAIRMAN, PYTHIAN GROUP

BETWEEN THE LINES

By John Klossner


WHILE INCONVENIENT, OUR RECENT GMAIL OUTAGES HAVE GIVEN US AN OPPORTUNITY TO LEARN.
WE'VE GOTTEN MUCH BETTER AT OUR EXCUSES.
Google
Gmail
Google
Gmail

BENCHMARKS LAST WEEK

EMC Corp. agreed to acquire privately held Kazeon Systems Inc., a maker of electronic discovery software, for about $75 million.

TJX Companies Inc. agreed to pay $525,000 to settle a lawsuit brought by AmeriFirst Bank, HarborOne Credit Union, SELCO Community Credit Union and Trustco Bank in connection with a massive data breach disclosed by the retailer in January 2007.

15 YEARS AGO: The Library of Congress launched its "virtual library" project, an effort to digitize rare materials and share them online with students and researchers around the world.

Global Dispatches

Yahoo Purchases Arabic Web Portal

AMMAN, Jordan – Yahoo Inc. has agreed to buy Maktoob.com Inc., which operates an Arabic Web portal that features news, business and sports updates, as well as mail and chat services.

Terms of the deal weren't disclosed.

The acquisition marks Yahoo's first foray into the Arab region, and the Sunnyvale, Calif.-based Internet company said it now plans to develop Arabic versions of its Yahoo Mail and Yahoo Messenger communication services.

When the deal closes, Amman-based Maktoob.com will become a wholly owned subsidiary of Yahoo. It will be headed by its current general manager, Ahmed Nassef, who will report to Keith Nilsson, Yahoo's senior vice president for emerging markets.

Peter Sayer,
IDG News Service

Quanta Discloses Cloud Plans

KUEISHAN, Taiwan – Notebook computer maker Quanta Computer Inc. plans to unveil its first cloud computing offerings next year as part of an effort to broaden its product line, the company's chairman, Barry Lam, said last week.

Quanta is working to develop a range of cloud services that will support multiple operating systems, he said.

The disclosure comes a month after Quanta paid $25 million (U.S.) to fund research on cloud computing and mobile technologies at MIT's Computer Science and Artificial Intelligence Laboratory.

Lam wouldn't say whether the technology to be unveiled next year is related to the MIT research pact.

Dan Nystedt,
IDG News Service

BRIEFLY NOTED

Fujitsu Ltd. hopes to start shipping a 10-petaflop Sparc64 VIIIfx-based supercomputer by early 2011. Takumi Maruyama, head of the Tokyo-based company's processor development operation, announced the news at the Hot Chips conference at Stanford University in August.

James Niccolai,
IDG News Service

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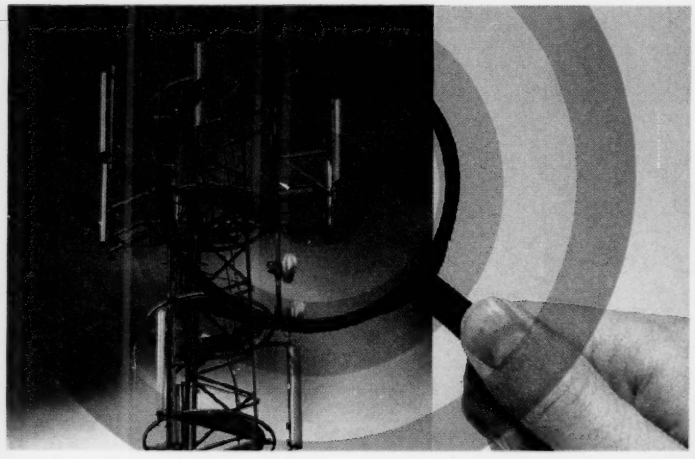
FCC Probes Wireless Industry at 'Pivotal Moment'

The agency will examine billing practices and seek ways to boost innovation and competition.

By Matt Hamblen and Grant Gross



AS EXPECTED, the Federal Communications Commission has launched multiple inquiries into the wireless industry, one focused on the billing practices of some top carriers and the others aimed at spurring innovation and competition in the market.

The inquiries, announced late last month, come after months of criticism from consumer groups and users who have said that exclusive smartphone deals — such as the one that made AT&T the sole network for Apple's iPhone — and other industry practices are unfairly boosting wireless prices.

Complaints filed with the FCC about wireless industry billing practices rose some 47% between 2007 and 2008, the agency said.

A notice of inquiry is a first step in the process of creating new FCC policy. Seeking input from multiple interested parties is part of that process.

"We are at a pivotal moment in the history of the mobile industry," said FCC Chairman Julius Genachowski during the Aug. 27 FCC meeting where the inquiries were approved. "We are transitioning from a voice-centric world to a world of ubiquitous, mobile Internet access. This transition promises to increase the pace of innovation and investment."

Consumer groups, such as the Washington-based nonprofit organization Free Press, have said that carriers are using exclusive smartphone deals and other policies to help justify higher wireless prices even as their technology investments decline.

"Wireless carriers are charging more but not improving the quality of network service with network buildouts and coverage," contended Free Press policy counsel Chris Riley in an interview.

Riley noted that the major carriers all charge similar prices. He cited texting costs as the "poster child" for the pricing issue, noting that all of the carriers simultaneously raised the price of a text message from 10 cents to 15 cents and finally to 20 cents. "It all happened at about the same time, although I'm not saying they met in a room in Washington to decide on it," Riley added.

He said developments like simultaneous price increases would be less likely if the federal government could help inject more competition into the wireless market.

Jack Gold, an analyst at J.Gold Associates LLC in Northboro, Mass., agreed that wireless prices will stabilize only with more competition. "We don't really have true competition, even with multiple carriers," he said.

Gold suggested that the wireless industry needs a period of "true disruption," similar to the one that the U.S. auto industry experienced 30 years ago with the influx of Japanese cars. That era marked the start of the decline of U.S. automakers, but it led to a period of innovation that yielded lower-cost, higher-quality vehicles.

Gold suggested that emerging technologies like WiMax networks or cellular networks created by cable television companies like Cox Communications Inc. could spawn similar disruption in the wireless industry.

He added that some wireless carriers have avoided cutting prices because

> **We are at a pivotal moment in the history of the mobile industry.**
>
> FCC CHAIRMAN
> JULIUS GENACHOWSKI

they fear that a rapidly expanding user base could lead to choked networks as more and more people download videos and other data-rich applications.

AT&T spokesman Mark Siegel defended his company and the industry in general on the subjects of pricing, innovation and exclusive deals. "The U.S. has the lowest per-minute voice price — 5 cents — in the industrialized world, and it's hard to argue with a system that has produced the highest level of innovation in the world," he said.

He contended that smartphone prices are dropping, pointing out that it's possible to buy an iPhone for $99.

AT&T is spending $18 billion in network upgrades, Siegel said. "We feel really good about where we are," he added.

Members of the CTIA, a wireless trade association, are confused by the level of criticism aimed at the industry, especially by charges of overpricing and a failure to innovate, said Christopher Guttman-McCabe, the organization's vice president of regulatory affairs. CTIA membership includes wireless service providers, handset makers and a growing number of vendors of other wireless-based products and services, such as Google Inc.

"I think it's extremely hard to understand the criticism we're hearing," he said. "People pay a hell of a lot less than they paid [for wireless services] 15 years ago, and think of what you get now that you couldn't get then. The wireless industry in the U.S. has the coolest handsets, the applications are more robust, and the networks have the highest speeds with the lowest pricing.

"I'm willing to debate where the industry is from an innovation perspective, but it's not fair to say we're not innovative," Guttman-McCabe added. "Can things get better? Yes. But things *will* get better."

The CTIA said it plans to provide any information sought by the FCC in connection with the three inquiries. ■

Gross *is a reporter for the IDG News Service.*

GOP Commissioners Say Wireless Industry Inquiries Aren't Needed

THE FCC'S DECISION last month to launch inquiries to find ways to boost competition and innovation in the wireless industry wasn't unanimously backed by the agency's five commissioners.

During an Aug. 27 meeting to decide whether to move forward with the inquiries, the two Republican commissioners argued that the industry is performing well for its users and questioned whether the inquiries are needed.

Republican Commissioner Robert McDowell noted that 94% of U.S. residents have at least four mobile carriers to choose from – an indication that there's plenty of competition.

Fellow Republican Meredith Attwell Baker added that over the past seven years, the mobile phone industry has invested an average of $22.8 billion annually to update networks and expand broadband services.

"We stand on the verge of the next generation of wireless broadband products, and the government should proceed with great caution so as to ensure the best outcome for consumers," she said.

In a statement, Steve Largent, president and CEO of wireless industry association CTIA, said that the U.S. has the "least concentrated wireless market on the planet."

He contended that the "wireless ecosystem" – which he said includes everyone from carriers, handset manufacturers and network providers to operating system vendors and application developers – has changed in just three years. "Innovation is everywhere," said Largent.

– GRANT GROSS, IDG NEWS SERVICE

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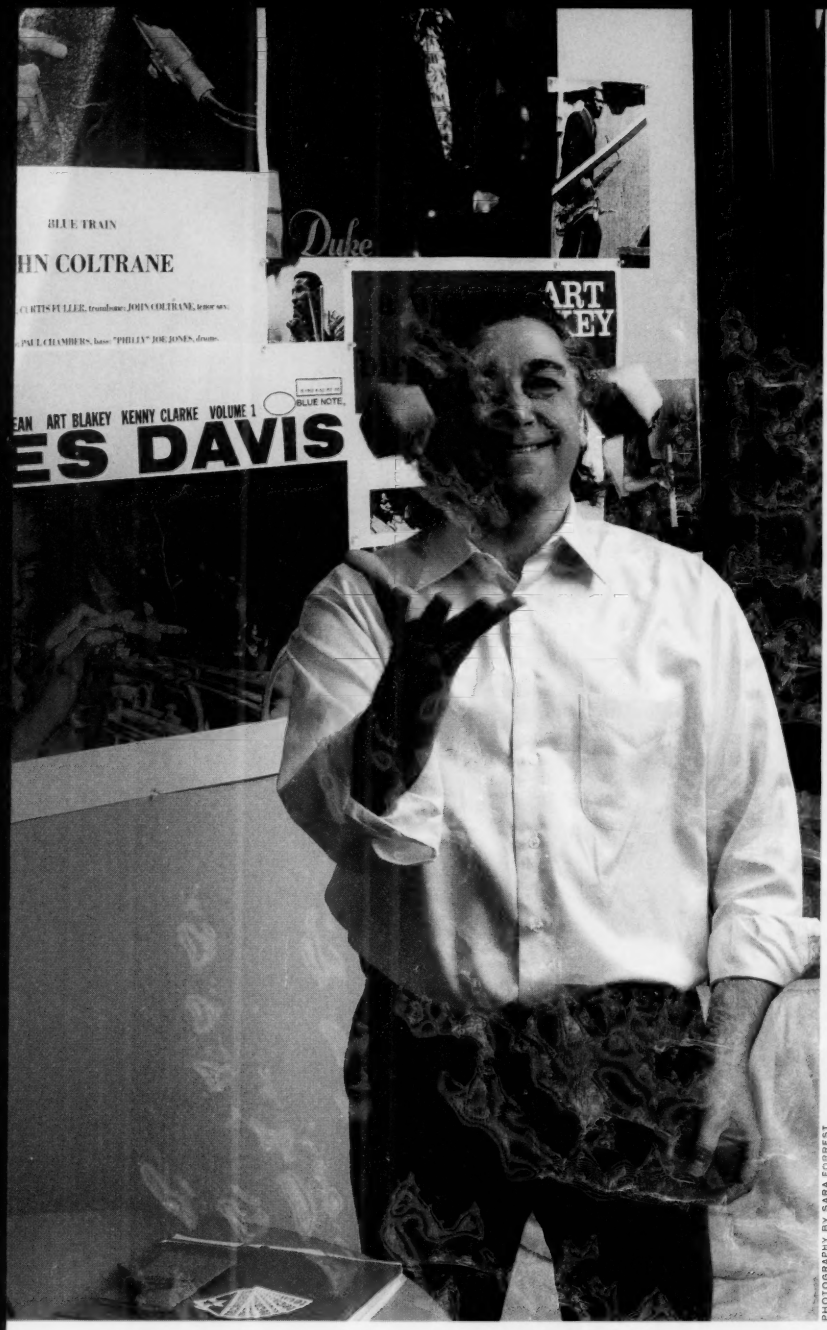

PHOTOGRAPHY BY SARA FORREST

Dossier

Name: Shawn Broderick

Title: Executive director

Organization: TechStars Boston

Location: Cambridge, Mass.

Favorite technology: "I'm currently quite enamored with Android. I think the crew at Android/Google created something with truly disruptive potential."

Favorite virtue: "Curiosity. Trustworthiness would be a close second."

Dream dinner guests: Winston Churchill, John Coltrane, Thomas Jefferson, Grace Kelly and Niccolò Machiavelli

■ THE GRILL

Shawn Broderick

Tech entrepreneurs bring **bright ideas** and the **will to succeed.** TechStars supplies **a little cash** and a lot of **high-quality mentoring.**

Creating a successful technology start-up takes more than just a clever idea. It takes dedicated mentorship, financial backing and a sophisticated level of planning. Just ask angel investor Shawn Broderick. He has been involved with several technology start-ups over the past couple of decades, is an adviser and/or director to various Internet-based companies and is founder of TrustPlus, an online reputation viewing site. As executive director of the TechStars Boston seed funding program, he knows a thing or two about the importance of personal drive and why getting expert advice is paramount to success.

What is TechStars, and how did the idea for the company come about? TechStars is a mentorship-driven start-up seed fund. Our goal is to identify promising young companies and provide them with the knowledge and resources they need to be crazy-successful as first-time tech entrepreneurs.

TechStars was started in 2007, by entrepreneur and angel investor David Cohen and venture capitalist Brad Feld. Over the last few decades, lots of folks have attempted to create a means of aggregating young companies, and the whole model blew up spectacularly with the "Internet incubators" in the '90s. What nobody had tried was bringing together a large number of wildly experienced folks to mentor the bejesus out of these entrepreneurs. TechStars was an experiment to do just that.

Continued on page 16

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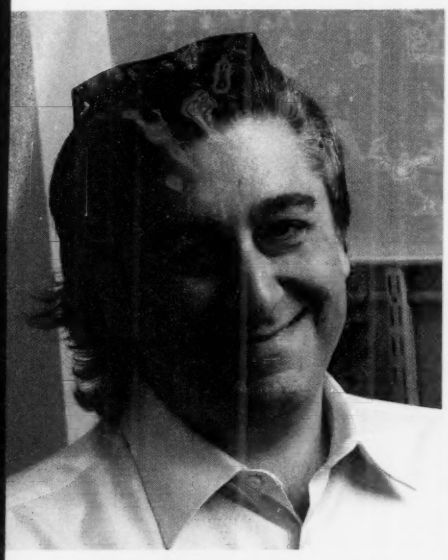

"[A mentor's] job is to get waist-deep in the companies they choose to mentor and be there as an adviser, coach, educator and, often, friend.

Continued from page 14

What qualities do you look for when choosing start-ups for the program? And who can apply? Anybody can apply! Our application form is painfully simple. The types of companies we are looking for are capital-efficient (we don't bring that much cash to the table) and are capable of achieving stupendous progress in a short period of time (each program is three months long).

We tell the companies on the first day of orientation: "You're here because of who you are. You're almost certainly not here because of your idea. In fact, some of you are here in spite of your idea." As investors, we are betting on people.

What are the benefits of being chosen for the program? TechStars invests a small amount of money — $15,000 on average — in each company. I can assure you that nobody joins up for the cash.

The reason most folks get involved is for the mentorship and learning. This summer in Boston, we have nine companies comprised of 21 founders, and we've married them with 65 mentors. The entrepreneurs spend three months all together in Cambridge [Mass.], drinking through a fire hose of knowledge, experience, wisdom and education. The mentorship is invaluable and unparalleled, in my humble opinion. I sure wish I had such a program when I was starting out!

There is a pretty handsome list of top-tier mentors on the Web site. How do you choose mentors, and what kinds of advice do they offer? First off, thank you for the compliment. We have worked hard over the years to learn who makes a great mentor and how to extract the best from them. Any person reading this can be a mentor — and I do hope all of you have considered how you can be a mentor and give back. But not unlike the selection process for the companies, TechStars is trying to find truly exceptional mentors. It's an art, not a science, and one's ability to be a mentor is not correlated with your job title nor the size of your bank account.

Mentors offer every kind of advice you can imagine. Their job is to get waist-deep in the companies they choose to mentor and be there as an adviser, coach, educator and, often, friend.

Can you tell me a little bit about your past work experience and start-up projects? Over the last 20 years, I've been involved in a broad array of entrepreneurial and intrapreneurial exercises ranging from enterprise decision-support software systems to online games to groupware to financial software systems to Web services — and beyond.

I spent about seven years in the mid- to late '90s in the online game business via my company Genetic Anomalies and then with THQ, pioneering virtual property — which was a blast. In the last few years, I've been working on issues of trust between individuals online via my company TrustPlus, while also spending time involved on boards of directors and advisers. And, of course, TechStars has kept me more than busy so far this year!

What are a few common mistakes that people make when they get involved in creating a new high-tech venture? In my experience, the two most common mistakes that kill new ventures are what I refer to as "missing the pain" and "messing the team."

Generally speaking, every new technical invention must address some sort of customer pain. Many ventures go off the rails early because they fail to understand the pain they are addressing or they address a pain that is just too small. Is there a market? Is it big enough? Evaluating the pain you're addressing is straightforward: Google your brains out, of course, and, most importantly, talk to potential customers. Entrepreneurs who fail to do so at the earliest possible moment in time do so at their own peril.

Many people probably have a million-dollar high-tech idea floating around in their mind. What is the single most important piece of advice you could give to all of them? Execute! Ninety-nine percent of the time, ideas aren't worth the paper they're not printed on. Truly everybody is capable of having great ideas. Many people with technical skills are capable of having "million-dollar high-tech ideas." An exceptionally tiny number of people are capable of turning these ideas into full-blown, in-real-life successes.

One of my favorite bits of [business author] Seth Godin wisdom derives from his quip, "Getting your ducks in a row is not nearly as powerful as actually doing something with your duck." I urge first-time entrepreneurs all the time to consider what they can do right now to move their duck forward.

Is there a certain mind-set that one must have in order to succeed with a start-up? The most important and valuable mind-set I see in entrepreneurs is drive. The path to high-tech entrepreneurial success is rarely easy or simple. It's a complicated route that involves taking a zillion forks in the road — any wrong one of which can feel like a .38 to the temple. The people who succeed, the people who "win," have an incomprehensible — some would say irrational — drive to make it happen.

— *Interview by* **Sara Forrest,** *a freelance photographer and writer in New York (studio@saraforrestphoto.com).*

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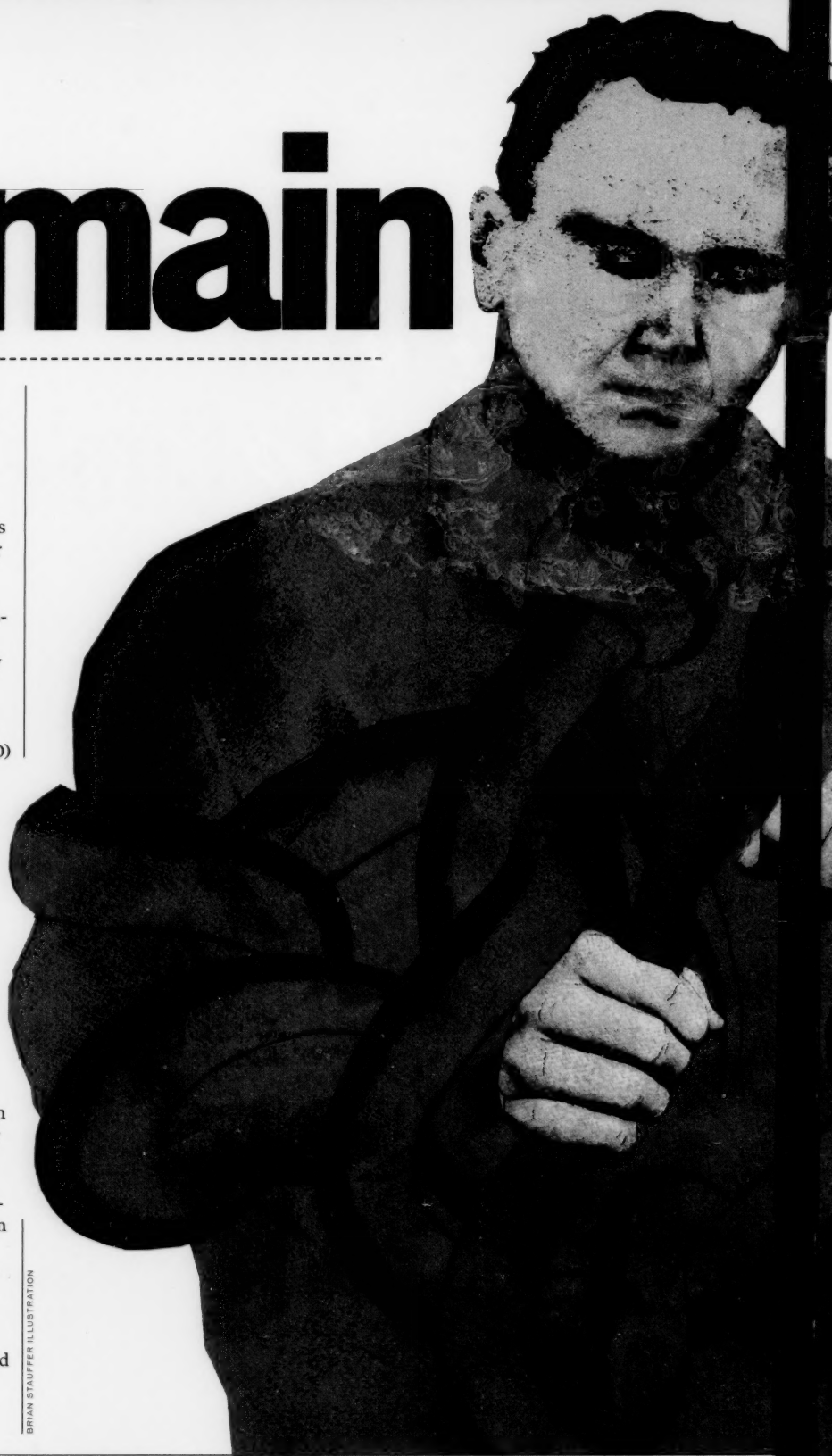


WHEN THE Web site FreeLegoPorn.com began publishing pornographic images created with Lego toys, trademark owner Lego Juris AS, which sells the popular plastic building blocks for children, acted quickly.

"The content available on the site consisted of animated mini-figures doing very explicit things. We were not amused," says Peter Kjaer, an attorney for Billund, Denmark-based Lego.

Lego didn't go to court. Instead, it filed a complaint with the World Intellectual Property Organization's (WIPO) Arbitration and Mediation Center, which ruled in its favor. The domain registrar for FreeLegoPorn.com, Scottsdale, Ariz.-based GoDaddy.com Inc., eventually shut down the site and transferred the domain name to Lego, in compliance with the Uniform Domain Name Dispute Resolution Policy (often called the UDRP), a procedure set up by the Internet Corporation for Assigned Names and Numbers (ICANN) to address domain-name brand abuse.

The UDRP process, set up 10 years ago, saves businesses time and money by getting offending sites down relatively quickly and without lengthy lawsuits. But it hasn't deterred cybersquatters, who lay claims to domain names that play on a virtually unlimited number of variations of well-known brand names, including common misspellings of those names, to drive traffic to their own sites.

People intending to visit a brand's Web site may instead end up on a cybersquatter's site and then be redirected to a phishing site, a Web page with objectionable content or — most commonly — advertising that may link to

BRIAN STAUFFER ILLUSTRATION

Wars

Trademark owners say cybersquatting has gone too far — and they're fighting back.

By Robert L. Mitchell

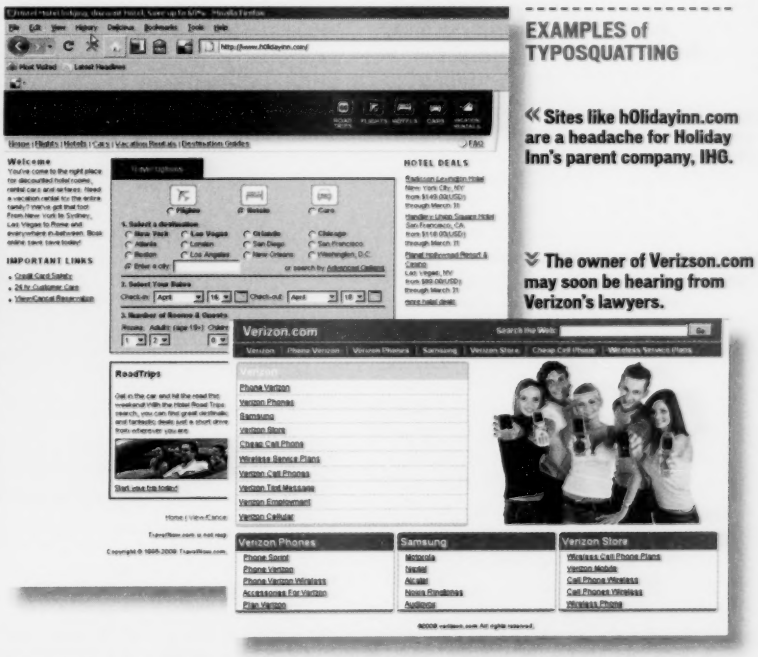
competing products and services. The most popular brands can be the target of thousands of cybersquatting sites.

Cybersquatting can damage a business's brand reputation and result in substantial losses. One company that has tried to defend itself is Verizon Communications Inc., which has aggressively pursued cybersquatters and reclaimed thousands of domain names related to its businesses. This year it activated many of those and set them up to redirect users back to its own Web site.

"We're on track to bring in 9 million new visitors, just from the names we've been able to get back," says Sarah Deutsche, vice president and associate general counsel at Verizon.

Malicious sites can create havoc with a brand's reputation. Sometimes, criminals copy a brand's entire Web site in order to collect usernames and passwords from unwitting visitors. They then try to figure out where else on the Web those names and passwords might work. "Guess the fake. You can't, usually. It's pretty nuts," says Fred Felman, chief marketing officer at MarkMonitor Inc., a San Francisco-based domain registrar that also monitors brand-abuse activity for corporate clients.

Eighty percent of the cybersquatting sites MarkMonitor tracked in early 2007 were still online one year later, Felman says. Why aren't brand owners pursuing them? Some businesses have had to prioritize which cybersquatters to pursue, while others have given up on the problem or chosen to ignore it.



EXAMPLES of TYPOSQUATTING

« Sites like hOlidayinn.com are a headache for Holiday Inn's parent company, IHG.

» The owner of Verizson.com may soon be hearing from Verizon's lawyers.

Glossary of Domain Practices

- **CYBERSQUATTING:** The practice of abusing trademarks within the Internet Domain Name System.
- **TYPOSQUATTING:** The practice of registering domain names that feature common misspellings or typographical errors in trademarked names.
- **DOMAIN PARKING:** The practice of registering domains for potential future development. Parked domains may include pay-per-click advertisements.
- **DOMAINING:** The practice of buying, selling and monetizing domain names.
- **DOMAINER:** A person or business that buys, sells and monetizes domain names for financial gain.
- **DOMAIN TASTING:** The practice of registering a domain name, then using ICANN's five-day free grace period to monitor traffic volumes and determine whether the domain should be dropped based on a cost-benefit analysis.
- **DOMAIN KITING:** The process whereby domains are registered and dropped within the five-day ICANN grace period and then registered again for another five days. Kiting a domain lets the registrant gain the benefit of ownership without ever paying for the domain.

SOURCE: MARKMONITOR INC., SAN FRANCISCO

Ignoring the problem is getting harder to do as the amount of brand abuse continues to rise. Cybersquatting activity rose by 18% last year, with a documented 440,584 cybersquatting sites in the fourth quarter alone, according to MarkMonitor's annual Brandjacking Index report.

Lego's Kjaer has noticed an uptick in activity as well. "The number of cases in our monitoring reports and number of UDRPs has definitely increased," he says. And WIPO cited an 8% jump in dispute filings in 2008, to 2,329 complaints — a new record.

PUSH FOR REFORMS

With ICANN preparing to open a potentially unlimited number of new top-level domains (beyond the current .com, .biz, etc.) as early as the first quarter of 2010, intellectual property holders worry that the cybersquatting problem may spin out of control. That has them pushing hard for reforms.

Ten years ago, most cybersquatters redirected users to porn sites or tried to sell domain names that included the names of major brands back to the companies that owned those brands. But today, advertising-based "domain parking" sites are the fastest-growing cybersquatting problem.

"Domainers" build portfolios of thousands of domain names and profit by reselling the names or selling advertising on those sites. They may generate revenue by posting pay-per-click ads and other advertising content.

Advertising-supported domain-parking sites that exploit trademarked names damage those brands by diverting traffic away from the brand owner's site — or, worse, by linking prospective customers to competitors' products. InterContinental Hotels Group suffers from both, says Lynn Goodendorf, global head of data privacy at Denham, England-based IHG.

Goodendorf says she doesn't like domain-parking cybersquatters, but she has to prioritize her activities. IHG will go after cybersquatters when the sites include objectionable content or if they contain malware or refer visitors to competitors. Although Goodendorf isn't happy about it, the company doesn't have the time or resources to pursue cybersquatting domainers whose sites contain more generic advertising, she explains.

Even domain-parking sites that don't include advertising are a problem, contends Verizon's Deutsche. "Cybersquatters who register and hold on to valuable brands harm trademark owners by taking names the trademark owner could use for itself," she says.

Domain parking has changed from a cottage industry to a big business over the past five years, as has cybersquatting activity associated with domain parking, says Doug Isenberg, an attorney at The GigaLaw Firm, which specializes in domain-name disputes. The reasons are simple: Start-up costs for domainers are low, the potential financial gain is huge, and the penalties for cybersquatting — the possible loss of the domain name in a UDRP proceeding — are small.

UDRP at a Glance

$1,500 Cost to file a Uniform Domain Name Dispute Resolution Policy complaint

Complainant success rate in UDRP process **85%**

60-70 DAYS Average time to a decision

Cybersquatting complaints filed with WIPO in 2008 **2,329**

8% Increase in complaints over previous year

Most UDRP Filings, by Industry

1 Biotech and pharmaceuticals	4 Retail
2 Banking and finance	5 Food, beverage and restaurants
3 Internet and IT	

SOURCES: WIPO AND ICANN

Domainers who register variations on popular trademarked names can drive up site traffic. This increases income — and the value of the domain name, which they can then resell at a premium.

The cost of maintaining a domain can be as little as $6 per year. "If you can make $1 a year on domain traffic, that's worth keeping," Isenberg says.

Domainers may keep thousands — or hundreds of thousands — of domain names. While some domainers are legitimate, most aren't, Deutsche contends — and she has sued many of them. "Tens of thousands of variations of our brand are being monetized by domainers — including some accredited registrars," she says.

The distinction between domain-name brand abuse (cybersquatting) and domain parking is important, says Jeffrey Eckhaus, general manager at domain registrar eNom Inc. in Bellevue, Wash. "Cybersquatting is illegal in the U.S., while domaining is a legitimate business," he says. ENom supports domainers with advertising services, but domaining is "not the main focus of eNom's business," Eckhaus adds.

But domain parking is part of the core business model of some registrars, says Steve Metalitz, president of the Intellectual Property Constituency (IPC), an ICANN-sanctioned organization that lobbies for brand owners.

Trademark holders have responded to the problem by buying up "defensive" domain names so that cybersquatters can't use them, hiring monitoring services, pursuing violators through the UDRP process and, increasingly, taking cybersquatters to court.

Dealing with the problem isn't cheap. IHG has registered 4,200 domain names to protect its seven brands, which include such well-known names as Holiday Inn and Crowne Plaza, Goodendorf says.

Verizon has registered more than 10,000 domain names, mostly to protect its three most visible brands: Verizon, VZ and FiOS. "It's extremely costly," Deutsche says.

As expensive as maintaining thousands of defensive registrations might be, paying $6 a year to maintain a domain name is far cheaper than the $1,500 fee to file a UDRP case with WIPO, especially when a business has hundreds or even thousands of complaints to address, Isenberg says.

But even if it pays for thousands of defensive registrations, a company can't rest easy. Goodendorf says cybersquatters can continue to register new variations of IHG's brand names, often in combination with other words, such as a city name, and many of these sites take visitors to competitors' properties or other travel industry Web sites.

"We cannot possibly buy every conceivable combination," she says. The company has prioritized which cybersquatters to go after based on factors such as the offending site's name, content and amount of traffic diverted from IHG properties. "We have to figure out where the most serious harm is — and what is actionable," Goodendorf says. Therefore, many cybersquatters go unchallenged.

Monitoring services offered by companies like MarkMonitor or Arlington, Va.-based Cyveillance Inc. can alert a business to the existence of cybersquatters. But the services cost thousands of dollars annually, and the business still needs to review each case.

"Small to medium-size businesses are screwed," Felman says. "They can't afford our services. They can't afford lawyers. Consumers and small businesses get harmed the most."

IHG uses Cyveillance's monitoring services and receives daily alerts. "I have a person who does nothing but sort through those alerts and decide which to pursue. That's her full-time job," Goodendorf says.

Once a company has determined that it wants to pursue a cybersquatter, it must decide what action to take. It might start by paying a brand-protection service provider like MarkMonitor to contact the domain-name registrant and registrar and ask to have the site taken down. If the registrant is unresponsive, the brand owner has several other options.

Intellectual property owners can sue cybersquatters under the federal Anticybersquatting Consumer Protection Act, but that's expensive and limits damages to $100,000; they can try to shut down sites containing copyrighted content under provisions of the Digital Millennium Copyright Act; and in some cases, they might be able to pursue violators for trademark abuse under provisions of the Lanham (Trademark) Act.

The least expensive approach is to file a UDRP complaint with a dispute-resolution provider such as WIPO or the National Arbitration Forum. But even when the complainant wins — which, according to WIPO, happens 85% of the time — that's not always the end of it. Cybersquatters can delay the transfer by challenging it in court.

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What Businesses Want

Businesses want ICANN to do more to combat the cybersquatting problem. The following are some of their recommendations.

- **MAKE THE LOSER PAY: Require the loser of a UDRP decision to pay all costs of preparing the case. That would give cybersquatters a financial disincentive, which is lacking today.**
- **VALIDATE REGISTRATIONS: Require registrars to do more to validate the domain-name registrant's identity information in Whois databases. Critics argue that some registrars accept even clearly bogus data, such as fields filled with zeros or gibberish.**
- **DISCLOSE HIDDEN RELATIONSHIPS: Require registrars to divulge more details on their business relationships. Critics believe that registrars doing business under different names might run pay-per-click sites that are involved in cybersquatting. Today those relationships aren't typically disclosed and are difficult to track down.**
- **FAST-TRACK UDRP CASES: While UDRP disputes are usually resolved within about two months, that still doesn't get the most offensive sites down fast enough. Brand owners want an expedited process for such cases. ICANN is reviewing a proposal for such a system, called the Uniform Rapid Suspension System, submitted in May.**

– ROBERT L. MITCHELL

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Unfortunately, the proposal applies only to new GTLDs, even though the biggest problems are tied to the existing ones, Metalitz says. Even if every recommendation is adopted for the new GTLDs, getting the same rules applied to existing domains like .com will be tough, he adds. "The problem is, you have entrenched interests that are resistant to change."

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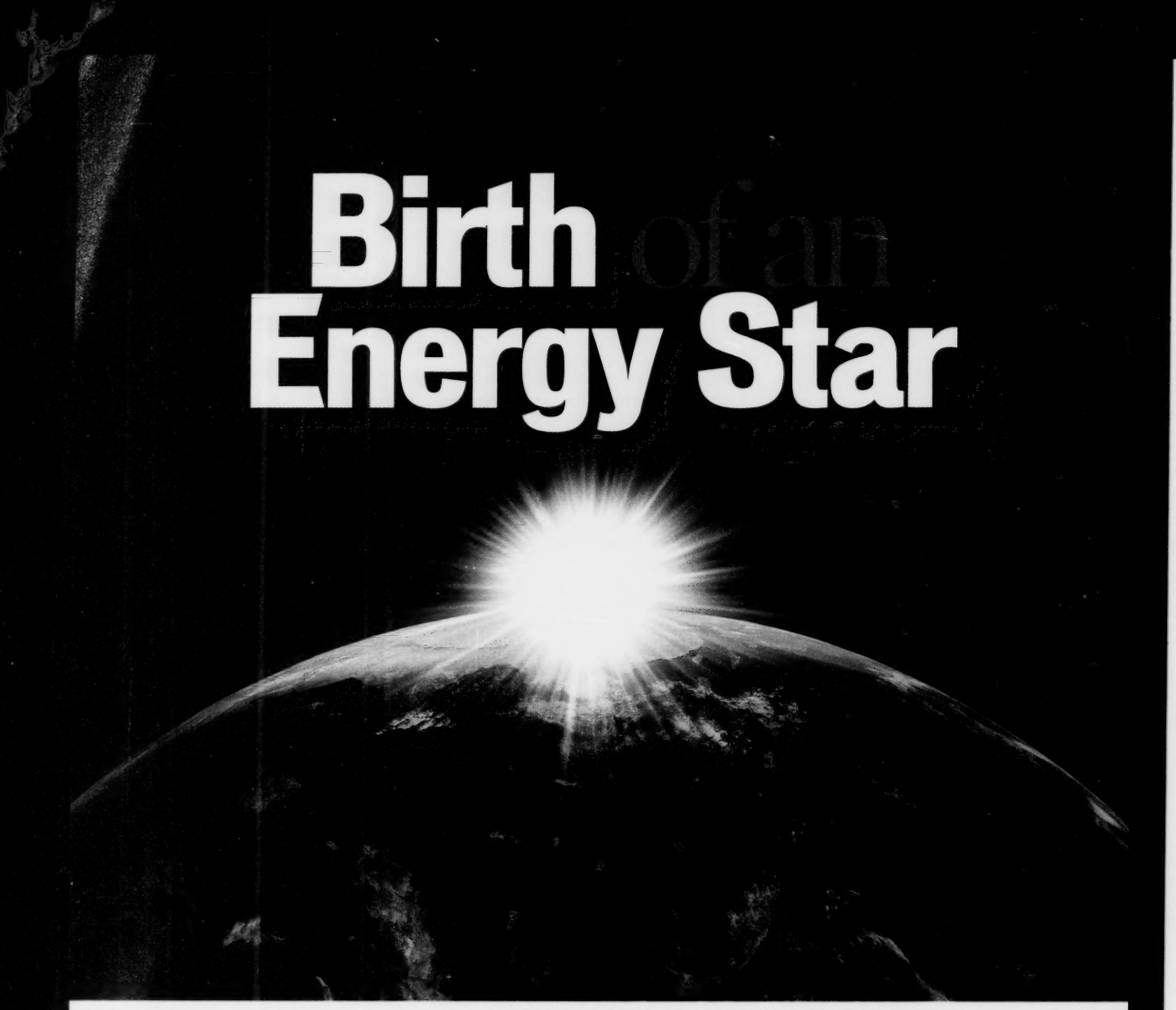
Birth of an Energy Star



Now energy-efficient servers can get the EPA's Energy Star, but there's more work ahead.

By Mary K. Pratt

SERVERS CAN now earn the U.S. Environmental Protection Agency's Energy Star label in recognition of their green qualities, but most observers aren't expecting this program to cause substantial changes in how enterprises buy servers anytime soon.

The Energy Star server certification went into effect on May 15 and has earned the EPA kudos from manufacturers and users for promoting energy efficiency in a hardware category that's notorious for its high electricity demands.

"This is a great first step. It's been important for some time, given the power issues of the data center, to give transparency on the energy use of servers," says Subodh Bapat, vice president and distinguished engineer in the sustainability office at Sun Microsystems Inc.

But the Energy Star label doesn't tell the full story on servers and their energy consumption. The current specifications measure energy use only under limited circumstances and for specific types of machines. Blade servers, so popular in enterprise data centers, don't qualify, for example. Energy Star specifications vary depending on a number of factors, such as configuration and server size, and certification requires that a server, when

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idle, can't exceed certain energy consumption standards for its classification.

What all this means is that while an Energy Star label presumably will help users identify energy-efficient servers, anyone who wants more exact figures on their servers' electricity usage will still need to do their own testing and due diligence.

It's not a clean comparison at this point, partly because servers are sized differently to do different types of work. Energy Star program officials are working with the server community to find the best way to make better, more direct comparisons between servers. They're hoping the second version of the program will start to do that. But even now, Energy Star servers will be generally more energy-efficient than non-Energy Star servers, and the fact that they're more efficient in an idle state is important, because many servers are idle a good portion of the time.

The current Energy Star requirement "is making sure the power supply itself is efficient, but it doesn't focus on the server overall. What it doesn't tell you today is what type of workload you can do for each unit of energy consumed," says Austin Hipes, director of field engineering at Network Engines Inc., a Canton, Mass.-based appliance maker.

Instead, the Energy Star server specifications primarily measure whether a server's power supply has good efficiency across a range of workloads, Hipes explains.

That's not to downplay the importance of that information. That kind of efficiency, Hipes says, means the server's power supply uses a significant portion of the energy it takes from the grid rather than losing a lot of it in the form of heat. (Heat is a big issue in data centers, because generally speaking, the hotter the facility, the more air conditioning you need to keep servers cool.)

The EPA has been working on these server specs for several years, says Andrew Fanara, an Energy Star program manager in Seattle. Concerned about data centers' growing energy requirements, the EPA wanted to bring the Energy Star program to servers as a way to raise users' consciousness about the issue, Fanara says.

"We wanted to take the platform and standardize the information, to unlock some of that transparency, so people who buy servers, whether they buy one or two at a time or they buy them by the hundreds or thousands each year, can all benefit from what we're doing," Fanara says. It's also designed to give buyers an "apples-to-apples comparison between servers," he adds.

The Energy Star designation is of interest to PricewaterhouseCoopers International Ltd., says John Regan, director of data center services at the New York-based accounting and professional services firm.

"We're constantly looking at energy consumption, at the rack level, at the overall level of the data center, because everybody is conscious about being a good steward for the environment," says Regan, noting that PwC is focusing on how to improve energy efficiency at an 80,000-square-foot data center it's planning to open this fall.

PERFORMANCE IS KEY

Energy efficiency is just one part of how users select servers; they must also consider performance and reliability, Regan says.

Jill Eckhaus, CEO of AFCOM, an association of data center professionals, agrees. Data center managers will look for Energy Star certification as part of overall corporate green initiatives, but if the server doesn't do the job required, that label won't help close a sale, she says.

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Eckhaus also questions whether the Energy Star program will get much traction right now, in this down economy. A year ago, data center managers might have been willing to invest in servers to get more energy efficiency, she says. "Now they're working with what they have."

Doug Washburn, an analyst at Forrester Research Inc., also foresees limited immediate impact from the Energy Star label.

"Buying an Energy Star server can help reduce power consumption. And from a perspective of greening IT, this will certainly help with awareness," he says. But most IT shops aren't investing in new equipment right now, he adds.

Moreover, many IT shops still need to implement the basic operational improvements that often cost little yet yield big savings in energy consumption, Washburn says. One of those steps is to better utilize existing servers; studies have found that at any given time, as many as 30% of a typical data center's servers are in an idle state, he says.

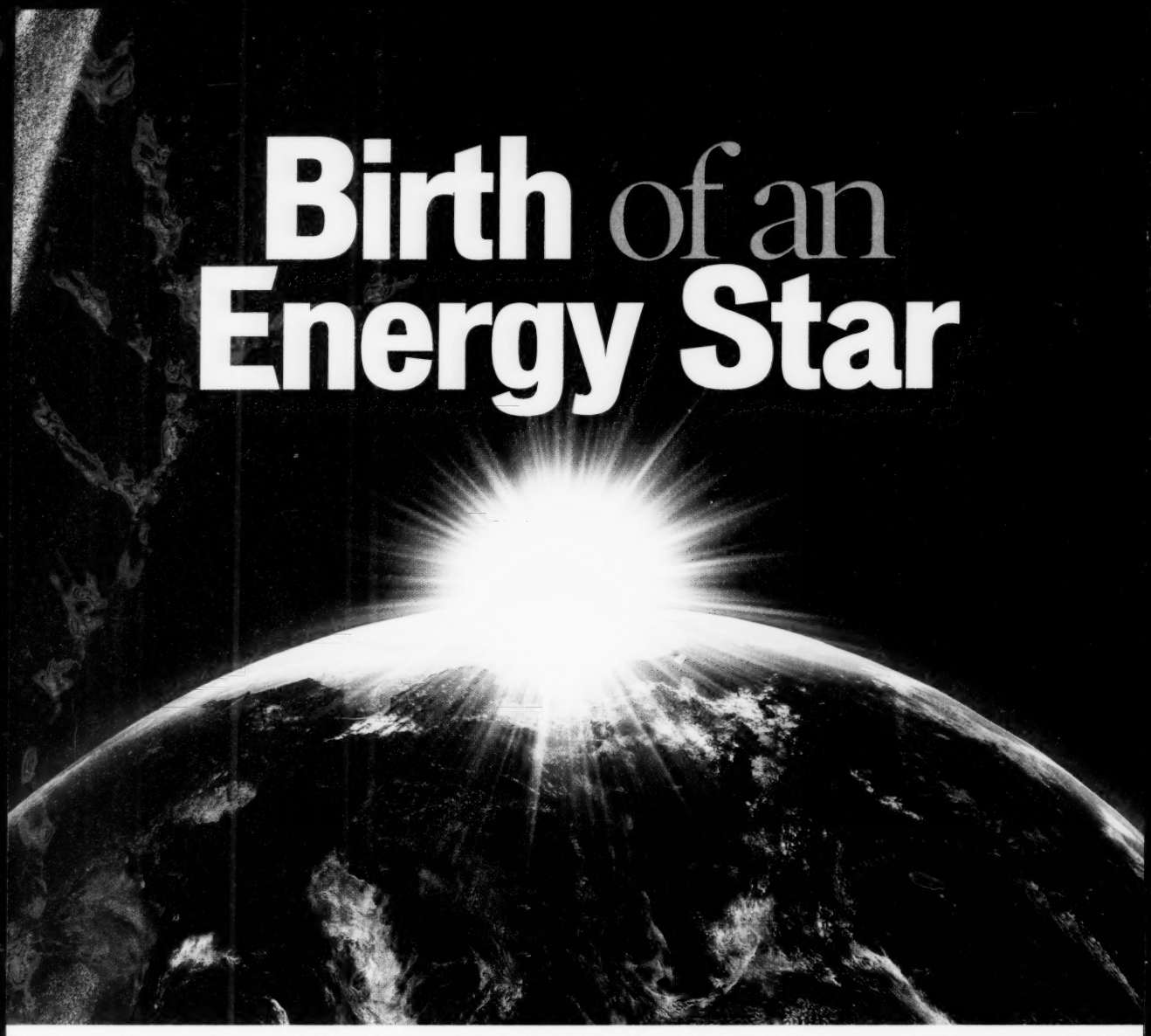
Still, Energy Star ratings will have some sway with enterprise IT managers, according to Washburn. Citing discussions he's had with clients, he says, "They will go with more energy effi-

ENERGY STAR

AT A GLANCE

- Computer servers that earn the Energy Star label will be, on average, 30% more energy efficient than standard servers.
- Standard servers can consume 1,200 to 8,600 kilowatt-hours of electricity per year. Companies that purchase Energy Star servers could save as much as 1,000kWh per server, or up to $500 per server over five years.
- The EPA expects that about 25% of servers will qualify for the Energy Star label, which appears on the vendor's system specifications sheet.
- Only rack and pedestal computer servers with up to four processor sockets are eligible for the Energy Star label. Blade servers aren't eligible.
- The EPA has posted a spreadsheet listing Energy Star qualified servers at http://tinyurl.com/EPAservers.

SOURCES: U.S. ENVIRONMENTAL PROTECTION AGENCY, IDG NEWS SERVICE



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That's not to downplay the importance of that information. That kind of efficiency, Hipes says, means the server's power supply uses a significant portion of the energy it takes from the grid rather than losing a lot of it in the form of heat. (Heat is a big issue in data centers, because generally speaking, the hotter the facility, the more air conditioning you need to keep servers cool.)

The EPA has been working on these server specs for several years, says Andrew Fanara, an Energy Star program manager in Seattle. Concerned about data centers' growing energy requirements, the EPA wanted to bring the Energy Star program to servers as a way to raise users' consciousness about the issue, Fanara says.

"We wanted to take the platform and standardize the information, to unlock some of that transparency, so people who buy servers, whether they buy one or two at a time or they buy them by the hundreds or thousands each year, can all benefit from what we're doing," Fanara says. It's also designed to give buyers an "apples-to-apples comparison between servers," he adds.

The Energy Star designation is of interest to PricewaterhouseCoopers International Ltd., says John Regan, director of data center services at the New York-based accounting and professional services firm.

"We're constantly looking at energy consumption, at the rack level, at the overall level of the data center, because everybody is conscious about being a good steward for the environment," says Regan, noting that PwC is focusing on how to improve energy efficiency at an 80,000-square-foot data center it's planning to open this fall.

PERFORMANCE IS KEY

Energy efficiency is just one part of how users select servers; they must also consider performance and reliability, Regan says.

Jill Eckhaus, CEO of AFCOM, an association of data center professionals, agrees. Data center managers will look for Energy Star certification as part of overall corporate green initiatives, but if the server doesn't do the job required, that label won't help close a sale, she says.

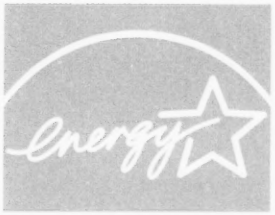
Eckhaus also questions whether the Energy Star program will get much traction right now, in this down economy. A year ago, data center managers might have been willing to invest in servers to get more energy efficiency, she says. "Now they're working with what they have."

Doug Washburn, an analyst at Forrester Research Inc., also foresees limited immediate impact from the Energy Star label.

"Buying an Energy Star server can help reduce power consumption. And from a perspective of greening IT, this will certainly help with awareness," he says. But most IT shops aren't investing in new equipment right now, he adds.

Moreover, many IT shops still need to implement the basic operational improvements that often cost little yet yield big savings in energy consumption, Washburn says. One of those steps is to better utilize existing servers; studies have found that at any given time, as many as 30% of a typical data center's servers are in an idle state, he says.

Still, Energy Star ratings will have some sway with enterprise IT managers, according to Washburn. Citing discussions he's had with clients, he says, "They will go with more energy effi-



AT A GLANCE

- **Computer servers that earn the Energy Star label will be, on average, 30% more energy efficient than standard servers.**
- **Standard servers can consume 1,200 to 8,600 kilowatt-hours of electricity per year. Companies that purchase Energy Star servers could save as much as 1,000kWh per server, or up to $500 per server over five years.**
- **The EPA expects that about 25% of servers will qualify for the Energy Star label, which appears on the vendor's system specifications sheet.**
- **Only rack and pedestal computer servers with up to four processor sockets are eligible for the Energy Star label. Blade servers aren't eligible.**
- **The EPA has posted a spreadsheet listing Energy Star qualified servers at** http://tinyurl.com/EPAservers.

SOURCES: U.S. ENVIRONMENTAL PROTECTION AGENCY, IDG NEWS SERVICE

> **"[IT managers] will go with more energy efficiency if all other things are equal – even if it's a little more expensive.**
>
> DOUG WASHBURN, ANALYST, FORRESTER RESEARCH INC.

ciency if all other things are equal — even if it's a little more expensive."

That's the kind of movement the EPA wants to see, Fanara says.

Additionally, the goal is to encourage manufacturers to strive to develop more-efficient equipment in a quest to earn the Energy Star label, Fanara says. U.S. agencies, some foreign governments and many private organizations often require vendors to provide Energy Star equipment when available, so the label can be a powerful marketing incentive, he adds.

"If we succeed completely with our goals, we will have transformed the industry in a couple of years," Fanara says.

However, he acknowledges that the initial server specifications, called Tier 1, don't cover all energy measurements.

The challenge is in measuring efficiency in all servers, says Richard McCormack, senior vice president of marketing at Fujitsu America Inc. "There are a lot of ways to measure them and what they're doing. There's no single benchmark to cover everything, but I'm certainly a fan of coming up with something we can all look for," he says.

The next set of specs, called Tier 2, will identify servers that drive up productivity — the EPA is working on how to measure that — while reducing power consumption, Fanara says. The agency expects to have Tier 2 specs, which would apply to more servers as well as measure server efficiency in more detail, ready for an October 2010 launch, he says. ■

Pratt *is a* Computerworld *contributing writer. Contact her at marykpratt@verizon.net.*

EPA Tightens Rules for Monitors

THE EPA is tightening the requirements that computer monitors must meet in order to qualify for an Energy Star label, citing the increasing use of energy-efficient LED technology and methods that focus light on the person in front of a monitor.

About 45% of all PC monitors made today qualify for an Energy Star label under the current requirements, which were created about four years ago. The EPA says less than 25% of PC monitors sold today would meet the new version of the specifications, Version 5.0, which takes effect Oct. 30.

The Energy Star program is voluntary unless vendors sell to the U.S. government, which requires that any products it buys carry the label. The government purchases about 700,000 monitors a year, according to an EPA estimate.

Christopher Kent, an EPA Energy Star specification development manager, says the agency sets the specifications with the expectation that 25% of products will qualify for an Energy Star label. A 45% compliance rate "is sort of beyond where Energy Star feels comfortable being," he says.

The new ratings require LCD monitors to use about 20% less energy overall than such monitors are allowed to use under the existing rules, the EPA estimates. A 19-in. monitor with a display of 1280 by 1024, or 1.3 megapixels, would meet the new criteria with a maximum power consumption of about 22.8 watts. The EPA has made changes in how it calculates power consumption, but under the current standard, Version 4.0, the limit is 36.4 watts for a similar 19-in. monitor.

The new Energy Star specification will apply only to monitors manufactured after the change takes effect.

The EPA is upgrading the requirements in light of a variety of technology changes, including a shift by monitor manufacturers to LED backlighting from cold cathode fluorescent lamp lighting, says Norbert Hildebrand, an analyst at Insight Media Inc., which covers the monitor market.

It's not just the shift to LEDs from fluorescent lights that's boosting monitor efficiency. Vendors are also using technologies that reuse light that's reflected internally in the monitor. "You don't want people two desks over seeing light from the monitor," says Hildebrand.

– PATRICK THIBODEAU

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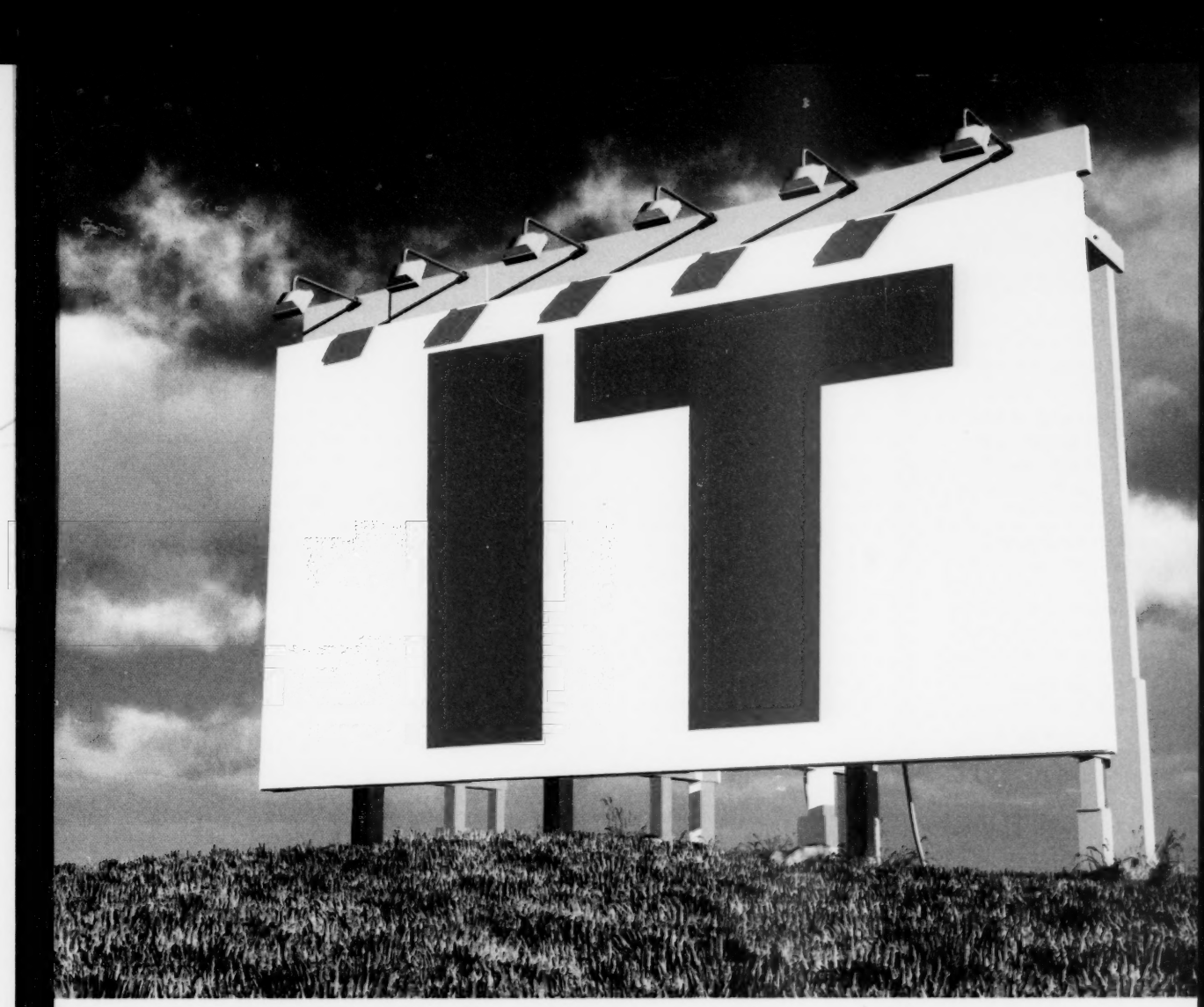

Marketing IT: An Inside Job

It's not about hype. It's about conveying IT's value. **By Mary Brandel**

IT'S ALMOST a cliché that the first item cut in a slow economy is training. Not for Ben Berry at the Oregon Department of Transportation (ODOT). The frugal CIO has hired consulting firm Ouellette & Associates Consulting Inc. (O&A) to host a workshop this fall for his direct reports and IT staffers throughout the state government. The topic: marketing the value of IT.

For many IT professionals, the idea of marketing the services they provide every day might seem like a useless luxury. But Berry says marketing IT internally has never been more necessary, particularly to avoid what he calls the double-edged sword of cutting IT services to lower costs.

"If the organization cuts the IT budget with a full

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Marketing Techniques

Ouellette & Associates recommends this six-step approach to developing a marketing campaign:

1 MARKET TO THE IT DEPARTMENT. Embed a 24/7 marketing mind-set throughout the entire IT organization.

2 BUILD CLIENT PARTNERSHIPS. Better working relationships mean more trust and credibility, which create more motivation to work collaboratively.

3 DIFFERENTIATE YOURSELF. Clients have different business drivers. Your marketing efforts should target them.

4 ESTABLISH CREDIBILITY. Assess the level of trust your clients have in you and your team, and uncover any expectations you weren't aware of so you can address problems.

5 CREATE PRODUCT/SERVICE AWARENESS. Let business clients – and your peers in IT – know what your group offers. You can do that by hosting open houses, distributing brochures or inviting colleagues to lunchtime seminars, among other things.

6 DEVELOP A FORMAL PLAN. Develop and execute a written marketing plan that includes defined goals and success factors, the types of programs and client-relationship-building strategies you can realistically roll out, slogans and themes you'll use to garner brand recognition, and obstacles you need to overcome.

understanding of the value being delivered, that's one thing," Berry says. "But if they cut the budget and service levels go down, the customer is getting hit twice. So it behooves us to be able to speak to what IT does so people understand what they're doing as they make these decisions."

Even Dan Roberts, president of O&A, acknowledges that there are misunderstandings surrounding the topic of marketing IT, including a widespread association of "marketing" with "hype." But CIOs who have embraced the concept say marketing is less about glitz and more about being perceived as the partner of choice when business clients want to get something done. That's increasingly important, says Roberts, as increasingly hungry external vendors, outsourcers and consultants pitch compelling messages to top execs looking to reduce IT expenditures.

"We're in a competitive world, and clients can just as easily hire Bill and Ted's Excellent Training Adventure," says Janet Craig, a training leader in Bayer Corp.'s internal business and technology services group.

While the term "marketing" can throw IT people off, she says, it's a crucial practice for her group, which depends on billable hours from internal clients. In fact, through its marketing efforts, Craig's group has expanded its mission from supporting IT implementations to facilitating soft skills.

Then there's the flip side: Marketing can also lend perspective on what you *can't* do, particularly as budgets get slashed, says Ron Bonig, who recently retired as CIO at George Washington University.

> **"You need to embed a 24/7 marketing mind-set throughout the organization, not just in one or two people."**
>
> **DAN ROBERTS,** PRESIDENT, OUELLETTE & ASSOCIATES CONSULTING INC.

While at GWU, Bonig hired a full-time marketing communications professional to help promote IT's accomplishments, such as the way it met strategic goals and fulfilled service-level agreements. But the marketing professional also helped IT convey why it wasn't able to pursue desired initiatives, particularly when IT was responding to top-level budget decisions.

Ways of marketing IT range from the formal to the informal and from the tactical to the strategic. Here are a few ideas from IT leaders who have launched marketing campaigns.

FIND OPPORTUNITIES IN WRITTEN COMMUNICATIONS

With the help of the marketing specialist, Bonig tried to turn any communications emanating from IT into marketing tools. One of the most prominent is the department's annual report, which not only reports on IT's accomplishments, but relates those successes to IT's strategic plan and the university's goals as well. The report also lists resources saved, awards won and conferences at which staff members have spoken. It's distributed on a USB flash drive, tucked inside what looks like a formal invitation to read about IT's progress and plans.

The marketing specialist ensures that all communication is jargon-free and, where appropriate, incorporates a subtle marketing spin. For instance, a message reporting a weekend system outage due to maintenance might include a reminder of how long it's been since the last outage. Or a virus warning might note that the university's infection rate is low compared with those of other universities.

"We're always selling our story," Bonig says. "From that, people get the idea you're competent, effective and driving hard to support the goals of the organization. If you lose that, you're pretty well screwed, because then you lose your budget, people and respect."

CREATE CUSTOMER 'TOUCH POINTS'

Berry has established multiple layers of what he calls "touch points," or opportunities to communicate with business users. One is his annual customer satisfaction survey. While his recent survey revealed an 85% satisfaction rate (above his target of 83%), it also showed only 70% satisfaction with the ability to obtain needed information. That, Berry says, gave him an opportunity to improve service.

Other touch points include an intranet-based electronic brochure, which features video coverage explaining the goals and critical decision stages of IT initiatives, such as a mainframe software consolidation project. Additionally, Berry is researching whether the help desk could use Twitter to send alerts about service outages, and PC technicians now solicit direct feedback by giving users survey cards after servicing their computers.

DEVELOP CLIENT PROFILES

Everyone wants to feel understood, which is why sophisticated marketing efforts strive to apply a personal touch. At Bayer, personalization is achieved by creating profiles of the most important clients Craig's group works with. The profiles include information on whom the clients report to, and their level of authority, special interests and hot buttons, such as a desire to be a technology leader, keep costs down or not waste time.

Before a client meeting, the group can review the profile to see what matters most to the client, which topics to avoid and whether to keep the meeting short. "If they're always worried about managing time, we don't want to keep them talking about golf for hours," Craig says.

EMPLOY 'HALLWAY MARKETING'

A marketing mind-set can't stop at the top levels of IT; the entire staff needs to understand and accept that marketing is now part of their everyday jobs, since every word they utter fosters a negative or positive perception in the client's mind. "You need to embed a 24/7 marketing mind-set throughout the organization, not just in one or two people," Roberts says. "They should speak positively of IT every chance they get, whether in a meeting, the elevator or the parking lot."

This often means changing the very language the IT staff uses. At GWU, Bonig launched an initiative to train IT groups throughout the university to improve their customer service and communication skills. Among other things, participants in the two-hour sessions learned what to say and how to say it. The training emphasized that every communication — whether written, spoken or conveyed through another form of interpersonal contact — needs to be positive and should relate to IT's annual goals, which were provided to each staffer in writing.

A big change was learning not to say no, Bonig says. Instead, he says, staff learned to "put a price on 'Yes.' " In other words, instead of saying something can't be done, explain that it's an extra service that will cost more. At GWU, that sometimes means involving an account manager, who consults with the service catalog to create the formal terms of providing the service.

Improvement was encouraged through friendly competition in the form of awards presented to groups that showed the most progress, says Bonig. But success took time. "It was easier to get managers to change the way they communicated than some of the staff members," he notes.

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SEE YOURSELF THROUGH THE CLIENT'S EYES

Berry also undertook a yearlong effort to educate all 700-plus employees in ODOT's central service organization — which included IT, finance and HR — to become a customer service organization. Embedded in the training was the notion of marketing the group's services.

Part of the training was to help employees learn how they're initially perceived by customers, he says. That led to a review of all customer touch points, which raised a number of questions: Are clients asked to fill out too many forms or follow too many processes? Is the Web site too onerous to maneuver through? Are the responses to common help desk questions readily accessible? Do voice-mail messages sound friendly? The review also covered the physical setup of the office. Now the desks face the door, so employees can greet visitors more easily.

CREATE SLOGANS

It might feel corny to adopt a marketing slogan or catchphrase. But doing so can help unify IT around a meaningful purpose and keep the group "on message."

"It's very akin to the elevator speech — why are you in business, and what have you done for me lately?" Berry says. ODOT, for instance, is introducing the slogan "IT delivers information," which is supported by a graphic of a train moving through a modern cityscape.

Of course, you don't want to get too flashy, particularly in these days of cost sensitivity. "No one wants to feel they're being marketed to," Roberts says. "If you're too professional-looking in your marketing materials, clients start to ask, 'Why are we wasting money on this?' " ■

Brandel *is a* Computerworld *contributing writer. Contact her at marybrandel@verizon.net.*

Security Is Late to The Offshore Party

Sending a **function offshore** is sure to have **security risks.** So why did no one bother to ask what the **security manager thought?**

Trouble Ticket

AT ISSUE: News about an offshore contract arrives after the fact, and there's no real money for making sure shared data is secure.

ACTION PLAN: Get up to speed fast, and find ways to protect sensitive information without spending much money.

A GOOD security manager has to anticipate that unexpected problems will crop up. You have to be alert to the notion that anytime the business makes a move, it could open up a new vulnerability.

I've just become aware of a major vulnerability that my company's top executives exposed us to — and of course I didn't learn about it directly.

Whenever you connect two companies' networks together, you have to make sure neither company can get its hands on anything it isn't supposed to have access to. At the very least, you have to set up some kind of firewall or access control, and encryption would be a very good idea as well.

Why were we talking about network connections? That's where things get interesting — and a little scary.

It's an old story, really. Our top executives decided we needed to outsource a people-intensive function to an outside provider that can hire workers more cheaply than we can. As is usual in such cases, the vendor is located in another country.

But the function being outsourced is part of HR, and that means the third party will be handling some of the most sensitive — and most highly regulated — personally identifiable information we possess.

Information security continues to mature as a profession, but the need for strong security measures remains an afterthought for most executives. That's what happened here. A contract was negotiated and signed, and no one thought to ask me a single question or even tell me what was going on. Now, too late, it's my problem.

That signed contract is the worst part. Had I been consulted, I would have advised putting the burden of providing secure services on the vendor. At this point, though, the vendor, quite naturally, is taking the position that we are responsible for any costs associated with adding security, including any costs that arise from taking up the time of the vendor's employees. We, of course, are not keen on spending a lot of money; after all, this contract exists because we were interested in saving money.

■ This supposedly money-saving plan is suddenly not looking as cheap as expected.

ANOTHER BAD IDEA

Back to the problem at hand: I said we'd need firewalls and encryption before the service provider could have access to our network, but that meant the connection couldn't be set up as quickly as the executives wanted. Meanwhile, they want to burn the sensitive private data onto CDs to send to the vendor. Yikes! Compact disc — a medium that will still be around long after our company has turned to dust. I can't get behind that idea. We'll have to either encrypt the data before burning it to CD or find another, more secure way to move it.

I'll soon be traveling overseas to visit that third-party vendor and see firsthand what kind of security practices it has internally. I have no idea what I'll find there, but I'm hoping I'll discover that the service provider is experienced enough in dealing with the private information of its customers that it already has good internal controls in place.

Maybe some good will come out of this. Our executive team now understands that we could get into a lot of trouble if we don't perform due diligence in protecting the personal information we're responsible for. Perhaps they'll think of security sooner next time. I'm not getting a lot of resistance from upper management, which is good, but I need to keep the costs of tacking security onto this service as low as possible. This supposedly money-saving plan is suddenly not looking as cheap as expected. That's not going to make me popular. But I guess I don't get paid to be popular. ■

This week's journal is written by a real security manager, **"J.F. Rice,"** *whose name and employer have been disguised for obvious reasons. Contact him at jf.rice@engineer.com.*

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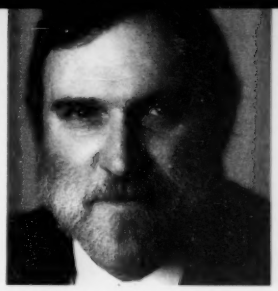
■ OPINION

George Tillmann



Don't Report to the CEO? Maybe That's OK

FORMER Assistant Secretary of Education Diane Ravitch once said, "The person who knows *how* will always have a job. The person who knows *why* will always be his boss." She might know more about why IT reports where it does than many CIOs do.

A lot of angst surrounds the question of who the CIO reports to. Many CIOs insist that to be successful, they need to report to the CEO; they covet the access that seems to guarantee a better chance of influencing the enterprise, getting more funding and even earning a higher salary.

But if you apply some rational thought to this issue, you might conclude that, for some CIOs, success will come from *not* reporting to the CEO. It all depends on the CEO, the CIO and IT's role in the business.

First, not every CEO is someone that the CIO should want to report to. CEOs vary as much as other people. Some are good salespeople and communicators. Others are good at manufacturing, product development or managing people. The one characteristic they all seem to have in common is that they know their strengths and play to them. CEOs who spend most of their time selling and giving speeches to civic groups are often called outside CEOs. These CEOs usually rely on the COO or some other senior executive to make the everyday business decisions and direct the business unit heads and other C-level executives. No CIO should want to report to an absentee CEO.

Conversely, not every CIO is a good candidate to report to the CEO. Being a member of the CEO's inner circle brings many perks, but it also carries responsibilities. The CEO's team can often expect to spend more nights and weekends away from home, and a CIO on that team needs to be up to speed on issues far removed from IT's day-to-day technology concerns. If a CIO is uncomfortable discussing marketing plans, customer segmentation or currency fluctuations in the Far East, then reporting to the CEO might not be a good idea.

■ The truth is that sometimes IT might not be a good candidate for direct CEO attention.

The most critical point, though, is that IT might not be a good candidate for direct CEO attention. Most CEOs care about products, sales and customers. They want to make sure that they are manufacturing and marketing the right products and services, in the right places, at the right time, at the right price, to the right people.

Manufacturing is critical to managing the quantity, quality and cost of the company's products. The sales organization generates revenue from customers buying the products. Others design the products, service them when they break or support customers when something isn't right. Those groups are players — they have integral roles in activities that have a direct impact on the CEO's three areas of concern.

On the other hand, some organizations within the enterprise are observers, not players; they only report on the CEO's three concerns, so the CEO doesn't need to spend his valuable time dealing directly with them.

So the key question becomes, Is IT a player or an observer? Does IT directly contribute to the development or production of the company's products, generate sales or satisfy customers? If yes, then the CEO would be wise to have IT report directly to him. But if IT only reports on the successes or failures of others, then why should the CEO deal directly with it?

For some CIOs, reporting to the CEO is the right structure. Their IT organizations are either revenue producers or in some way directly responsible for revenue creation. But for those CIOs whose organizations are important to the enterprise but not at the center of what the company is all about, it is probably appropriate that the CIO report elsewhere.

To paraphrase Ravitch, being a successful CIO involves not just knowing *how*, but also knowing *why*. ■

George Tillmann *is a former CIO, a management consultant and the author of* The Business-Oriented CIO *(John Wiley). You can read more of his columns at* Computerworld.com/more. *And you can contact him at georgetillmann@optonline.net.*

Career Watch

Self-promotion Tricks That Just Might Get You a Job!

(OR POSSIBLY A RESTRAINING ORDER)

- **Advertising on a billboard.**
- **Arriving at the interview dressed in a shirt that reads, "Please hire me."**
- **Bringing breakfast to the hiring manager every day until hired.**
- **Writing a poem in the cover letter about why you want the job.**
- **Promising to give the employer a foot massage if hired.**
- **Getting your name on the menu at a restaurant that a hiring manager mentioned in his blog.**
- **Creating an e-résumé with flash animation and a musical score.**

These true stories come from CareerBuilder.com, which reports that 12% of 388 hiring managers and human resources professionals it surveyed said they are seeing more cases of job seekers marketing themselves in unusual ways.

PHOTO: FOTOLIA, MITCH AUNER

Health Benefits in Flux?

Employers were asked how the economic downturn might affect their health benefits plans in 2010.

	Increase	No impact	Reduce	Eliminate
Plan offerings	13%	37%	49%	1%
Prevalence of consumer-driven health plans	40%	55%	3%	2%
Employer subsidy	6%	28%	66%	0%
Full-time benefits	2%	82%	16%	0%
Incentive programs	20%	44%	30%	6%
Part-time benefits	1%	80%	13%	6%
Retiree benefits	0%	61%	26%	13%
Wellness programs	33%	41%	24%	2%

SOURCE: HEWITT ASSOCIATES INC. SURVEY OF 343 COMPANIES WITH MORE THAN 5 MILLION EMPLOYEES, JANUARY 2009

PAGE COMPILED BY JAMIE ECKLE.

ASK A PREMIER 100 IT LEADER

Nicholas D. Evans

The general manager of the **Office of the Chief Technology Officer at Unisys** answers questions about dealing with the recession.

I'm beginning to believe that even if we make it through this recession, things are never going to be the same as they were. If we're in for a fundamental shift in how the economy and the companies we work for operate, how can we prepare? One of the advantages of working in the IT field is that technology can be utilized for business benefit regardless of the economic cycle. Companies need to innovate in both up and down cycles, and IT can be a strategic enabler of this innovation.

As organizations try to reduce costs and improve internal efficiencies, they look at how to do more with what they have. Application modernization is a great example. Instead of costly rip-and-replace projects, companies are modernizing their existing applications by moving to service-oriented architectures, Web-enabling their legacy applications, adding Web 2.0 and mobility extensions, and generally improving the experience and productivity of their business end users. In addition, IT is gaining the benefits of reduced risk and cost, greater leverage of existing intellectual property, and shortened implementation time frames when compared to high-risk new application development initiatives. This is just one example of the kinds of IT projects you might want to think about as you adapt to the fundamental shift in the economy.

QUESTION?
If you have a question for one of our Premier 100 IT Leaders, send it to **askaleader@computerworld.com,** and watch for this column each month.

I'm a new graduate of a well-regarded computer science program at a major university. I feel confident that an interesting career in IT awaits me, but for now I'm unemployed. I'm worried that I'll remain so for a while, until the economy recovers. Any advice on what I should be doing in the meantime? Certainly don't wait for the economy; no one can predict when things will turn around. I'd suggest networking as much as you can through online and offline sources (e.g., university contacts, local and national IT associations, online sources, etc.). Also, think about which industry sectors might be most attractive to you personally, both in terms of the kinds of industries you'd like to work in and the robustness of these industries during the recession. You may opt for more resilient industries such as health care, defense or the public sector, or you may consider the IT services or consulting arenas. Also think about other certifications you might be able to work on in the interim. If you're a new graduate with limited prior work experience, then certifications may give you an additional edge over your peers and be just the door-opener you need.

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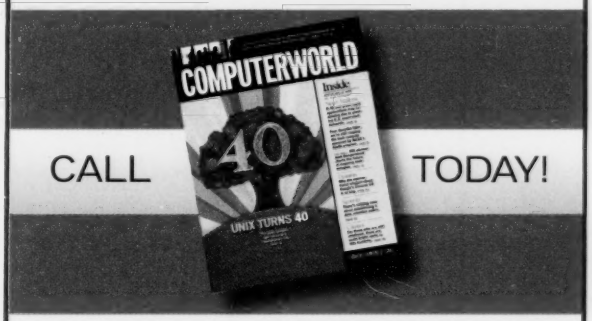

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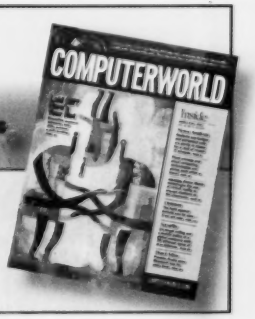

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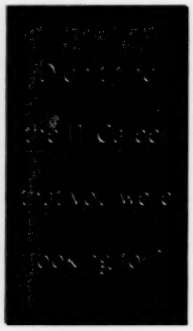

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Shark Tank

TRUE TALES OF IT LIFE AS TOLD TO SHARKY

Let's Try That Again

This company is rolling out a Web filtering system, and one IT pilot fish is tapped to explain it at a meeting of district managers and directors. "The day of the meeting, I set up a projector and laptop and connect it to the internal network," says fish. "I then test that the filtering is working." He goes to a site that normally shows a picture of a very famous bunny. The site is blocked, so he gets the standard "This site is blocked" message. The meeting starts, and fish discusses company policy for the Internet, then he demonstrates what will happen if users try to go to a site that's blocked. But to his horror, the famous bunny appears. "Needless to say, the laughter in the room is quite loud," fish says. "I call the home office and talk with the staff responsible for the Internet filtering. Their response: 'Oh, we had to take that offline to do maintenance. Was that big meeting today?' "

Second Opinion

New employee arrives at this division and she's issued a used MacBook Pro. "Months into her use, she complained that her computer was acting sluggish and she was demanding a new one," reports a support pilot fish. He checks out the laptop and can't reproduce the problems, but he recommends that the user repair her disk permissions and explains how this can help fix some sporadic issues. "She stormed off yelling that she would call her old IT department because the Apple-certified techs here don't know squat," fish says. "A few days later we ran into her again and politely asked what her old whiz IT guys said. Their advice: 'Repair disk permissions.' She never got a new MacBook Pro."

The Thanks We Get

It's just a few years ago, and the PC guru for this small business has quit and a consultant pilot fish is brought in. Biggest user complaint: The network is slow. Fish is puzzled, because the mostly new PCs are all running Windows 98. "Apparently their PC guru only knew Windows 98 and had been downgrading the PCs," sighs fish. And the server is also used for computer-aided design work, which is probably what's murdering the network.

Fish's cheap fix: Get a router with an attached hard drive to work as the new central file share, upgrade all the PCs to Windows XP (which they're already licensed for) and set up the XP desktops to log on automatically and to look like Windows 98. "When all was said and done, everything worked very smoothly," fish says. "But one user told our contact that we had not changed a thing, because everything worked just like it did when the old PC admin had left!"

■ *Feed the Shark! Send me your true tale of IT life at sharky@computerworld.com. You'll snag a snazzy Shark shirt if I use it.*

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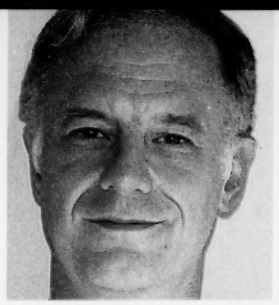
■ OPINION

Bart Perkins

Partnerships Can Go Too Far



HOW OFTEN have you seen this happen?: A good idea takes hold, and rules are created to formalize it. But before you know it, the rules are being followed to the letter, with little thought given to the underlying goals that originally made the idea so effective.

Many IT organizations have created preferred supplier programs (PSP) to help reduce the number of suppliers, cut IT costs and ensure a consistent IT architecture. Unfortunately, some companies have pushed their PSPs too far and reduced the number of suppliers unnecessarily, often at the expense of more important goals.

Consider vendor innovation. As companies become large and entrenched, they typically become more risk-averse and less creative, often rejecting ideas that challenge conventional wisdom. As Clayton Christensen, Andy Grove and Joseph Schumpeter have all discussed in their books, breakthrough innovations rarely come from an industry leader. Rather, they tend to burst forth from companies that are not wedded to established business methods. PSPs that exclude smaller suppliers can prevent access to the kind of innovative products that provide a competitive edge.

Then there's the crucial issue of cost. Overly restrictive PSPs can actually unintentionally increase various costs. One example is in the vendor selection process. PSP compliance is complex and resource-intensive. Large IT suppliers can assign compliance teams to deal with PSP requirements, but smaller firms can rarely afford such an effort without a guarantee of business, essentially precluding their participation.

In addition, the largest IT suppliers are often perceived to be the safest choices, able to insulate managers from blame should things go south. But when everyone relies on the same handful of large, well-known suppliers, small suppliers can be forced out of business. Without healthy market competition, competitive pricing can become an endangered species.

■ Overly restrictive preferred supplier programs can end up increasing various costs.

Worse yet, the truly behemoth suppliers are often hired to develop IT strategies. And guess what: They frequently recommend their own products and services. And their incentive systems reward salespeople for persuading clients to purchase the services of large teams of consultants — who charge correspondingly large fees that will fund the vendor's many layers of overhead.

PSPs can also create awkward and expensive subcontractor relationships. One Fortune 500 company hired a boutique firm for "hospice maintenance" on an application scheduled for replacement in 18 months. Six months later, the company's new PSP required that the boutique be replaced by a preferred vendor — which promptly subcontracted the work back to the boutique. That yielded a 20% price markup, but no additional services were provided.

Even standardization can become problematic for global organizations with PSPs. Few suppliers are able to provide consistent products and services worldwide. One Fortune 500 CIO standardized on a particular PC manufacturer. But in Eastern Europe, the manufacturer's support was unacceptably poor and the cost of its PCs was 50% more than the cost of machines from a local manufacturer. The CIO was eventually forced to override PSP restrictions and allow regional variation but suffered political ramifications.

Are we so enamored with the advantages of preferred supplier programs that we have become blind to their problems? An effective PSP definitely offers significant benefits. But an inflexible PSP based on cut-and-dried rules will break if you push it too far. Make sure your PSP is capable of steering around the potholes and achieving its original goals. ■

Bart Perkins *is managing partner at Louisville, Ky.-based Leverage Partners Inc., which helps organizations invest well in IT. Contact him at BartPerkins@LeveragePartners.com.*

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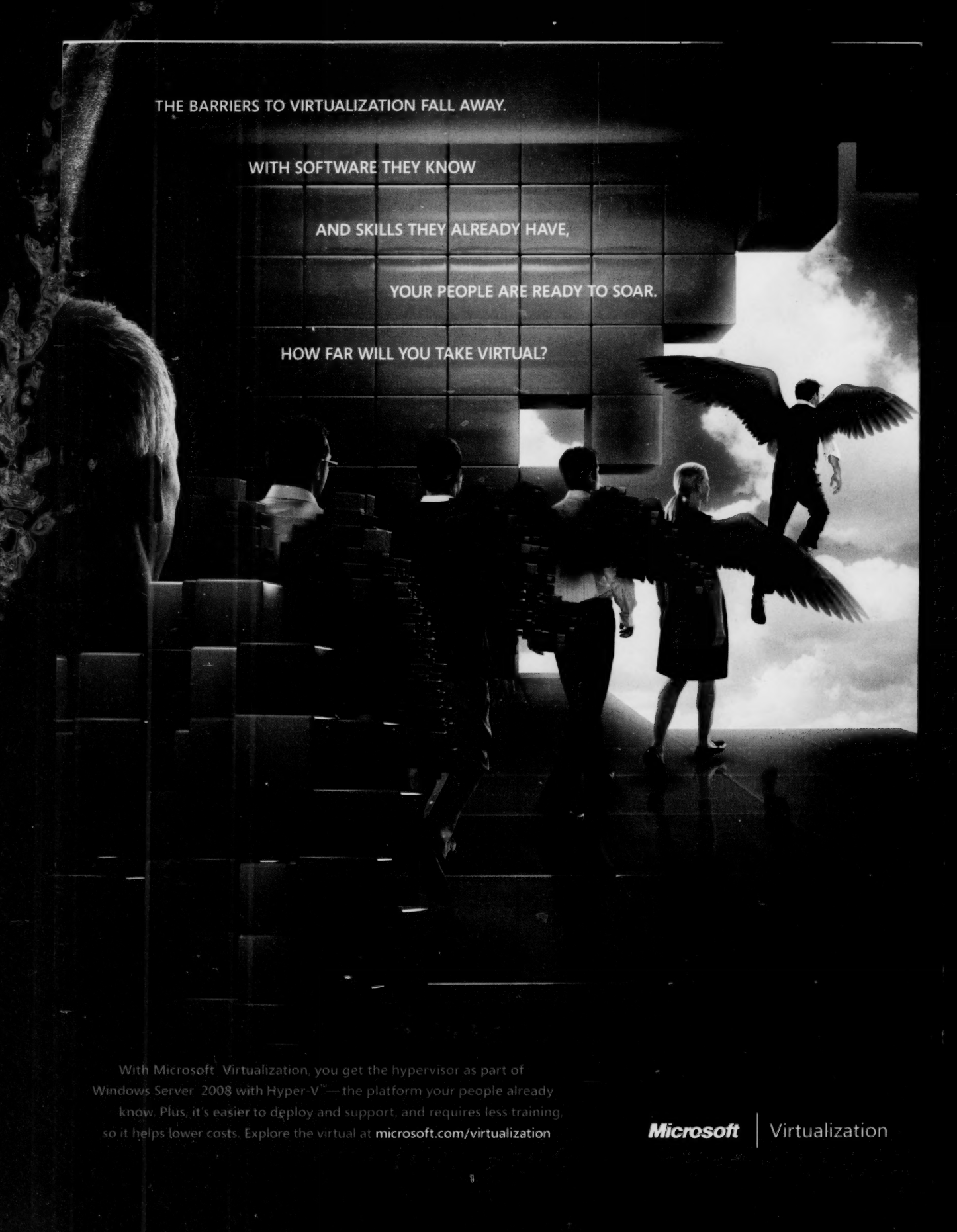
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